THE UNIVERSITY
of EDINBURGH

Institutionalising activation for sickness and disability benefit claimants in the active UK and Danish welfare states

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Thesis submitted for PhD in Social Policy

University of Edinburgh

2016

Own work declaration

I hereby confirm that this thesis has been composed by myself only and that it has not and is not currently being submitted for any other degree.

Dan Heap

Signed 31st March 2016

Acknowledgements

I would first like to thank my supervisors, Daniel Clegg and Jochen Clasen, for first seeing something in me (whatever it was) and offering me the all too rare opportunity of a funded Masters and PhD, without which I would not have been to pursue further study. Throughout the process they have been unfailingly supportive, and I have always appreciated their considered advice on all aspects of the doctoral process.

Throughout the thesis, people from a wide range of organisations in both the UK and Denmark gave generously and selflessly of the time, in the extreme case of Tony Wilson and his colleagues from the Centre for Social and Economic Inclusion, answering many, many e-mails and phone calls over a number of years. Equally valued help and advice in the UK came from the Department for Work and Pensions; the Public and Commercial Services Union; the House of Commons Library; Disability Rights UK; the British Association for Support Employment; the Employment Related Services Association; and in Denmark; the National Institute of Social Research; Aarhus Jobcenter; Copenhagen Jobcenter; the Labour Market Authority; the Ministry for Employment; the Centre for Active Employment; Statistics Denmark; the Association of Disabled Persons' Organisations; the Danish Parliament, and the Danish Confederation of Trades Unions.

Other academic colleagues from both Edinburgh and beyond who have been helpful and encouraging include but are not limited to; Lindsay Paterson; Ben Baumberg; Hannah Morgan; Alan Roulstone; Ruth Patrick; Chris Grover; Colin Lindsay; Adrian Sinfield; Linda Piggott; Kayleigh Garthwaite; Jan Høgelund; Steen Bengtsson and Dorte Caswell.

I am very grateful for funding from the Economic and Social Research Council and the Department for Work and Pensions.

Maggie Morrison has been the model PhD office mate – encouraging; supportive and always ready to share the many lows and occasional highs of writing a PhD thesis.

Dominic Hinde provided a stream of constructive criticism and much valued friendship.

The thesis was much improved by Nick Martindale's proofreading, and I look forward to returning the favour in the future.

Monty; Wolfgang and Nelson won't ever know how much the paws; purrs and walkies helped me through the process.

And finally, to Mario. To itemise his contribution to this thesis getting finished would be to diminish it, though it is to safe to say it would not have been possible without him.

Abstract

The last 15 years have seen governments in a number of mature welfare states attempting to reintegrate people out of work for reasons of sickness and disability into employment, principally through changes to the value and conditions of incapacity benefits[1] and the provision of active labour market programmes. Whilst the academic interest in these changes has been considerable, this thesis begins by arguing that these studies hitherto have been satisfied to categorise these emerging regimes according to a familiar Work-first v Human Capital Development activation typology (for example, Peck & Theodore, 2001), or a variation upon that, according to the presence or absence of different activation services. They largely do not apply the insights that the broader activation literature has provided in recent years, particularly those on the governance of activation.

Instead, this thesis proposes that it is better to examine recent changes through the lens of institutionalisation: how well-embedded employment-related support for sick and disabled claimants has become in the structure and functioning of welfare-to-work regimes for sick and disabled benefit claimants. Though not a concept much used in academic analysis of Active Labour Market Policy (ALMP), a case is made for the value of looking at, firstly, how well activating sick and disabled claimants becomes a national government labour market policy priority and secondly, how well the organisation and governance of active labour market programmes for this group support this, in additional to analyses of the services themselves. Working from what is already known about the factors that can influence a workless benefit claimant's access to employment support, the contention of such a framework is that the successful embedding of an activation strategy for sick and disabled claimants into national Labour Market Policy (LMP) is a function of the interaction of a range of factors. Crucial here is the distinction between ALMP for these claimants, and for other activation target groups – there is good evidence to believe that the changes made to activation governance to promote active work-search for the unemployed may, however unintentionally, militate against a comprehensive system of support for

1 This is a catch-all term used to encompass benefits paid for reasons of sickness, disability or other incapacity.

'non-employed' jobseekers considered to be further from the labour market, claimants of incapacity benefits included.

Alongside this framework, a case is made for being much clearer and more precise in describing what measures apply to which parts of the incapacity benefit claimant pool. In most countries, this is a very diverse population with several distinct sub-sets with different levels of distance from the labour market, ranging from those with very severe disabilities or health conditions; others with multiple employment barriers not all stemming directly from their condition (outdated skills, for example), and those whose employability is high, their disability or health condition notwithstanding. As a small number of studies have pointed out (Evans, 2001, for example), activation regimes – defined in this study as the set of services that are provided to help non-employed sick and disabled benefit claimants back to work; and how these are organised; delivered; targeted and financed – 'sort and select' claimants, applying different types or more or less intensive support for different categorisations of claimants. An activation regime for the claimant group can thus be very inclusive or rather narrow, depending on the extent to which these sub-pools are catered for.

To demonstrate the value of this framework in reaching a more accurate understanding of the nature of these emerging regimes relative to extant approaches, a cross-national comparison of activation of sick and disabled claimants in Denmark and the United Kingdom is offered. Whilst they are considered to be very nearly diametrically opposed in a number of key ways – their approaches to activation; benefit generosity and broader welfare regime contexts – when looked at using the institutionalisation framework, they emerge as more similar than expected. Regardless of their quite different starting points, they experience many of the same challenges in creating a system in which the employment activation of the full extent of the claimant group is a priority and where a sick or disabled benefit claimant's right to back-to-work support is secure.

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Notes on layout; presentation of data; referencing; style and usage

Layout

The thesis is split into 10 individual chapters. These are divided into sub-sections and these sub-sections may sometimes have separate sections of their own. Font size and numbering have been used to help the reader navigate the sections. An example of how the thesis is laid out is below:

Chapter 7: Denmark

7.1 Political commitment to the active work principle for sick and disabled claimants

7.1.2 Building an institutional framework

Launching new programmes

Paragraphing

Where an overly-long paragraph needs breaking up or where the subject is distinct, but subsidiary,

an indentation is made.

When the point to be made is a substantively new one, this indicated by a line space

and a new paragraph.

Abbreviations

The long form term followed by the abbreviation is used in the first instance, and

usually the abbreviation only thereafter. However, to avoid sentences with too many abbreviations, which are stylistically undesirable, a long form term might be used.

Where a Danish abbreviation is in common usage, this is used. If no abbreviation in Danish exists but one is stylistically required, I have developed one from the English translation. This applies mainly to Danish benefits, which are, in contrast to UK benefits, referred to in long form in Danish publications.

Danish translations

Most Danish terms have a commonly-used English translation, and these are used, with the Danish form italicised and in brackets in the first instance of usage, for the benefit of the reader should they wish to cross-reference with a Danish source. If no translation exists and one is required, I have developed one and this is indicated in a footnote at the first instance of usage. In some cases the term used in Denmark is English, and thus do not require translation.

Unless otherwise indicated, Danish translations are my own, using my own knowledge of Danish; dictionaries and automatic translation.

Danish language entries in the Bibliography have an English translation of the title, for the reader's benefit.

Gender neutral language

An effort has been made to use only gender neutral language. In most cases, this means referring to a non-specific individual using 'they' or ''their', rather than 'he' or 'his'.

Presentation of data

Numerical data is presented in the form of line bar graphs; pie charts and tables. These are captioned accordingly, along with a descriptive title. The source of the data is given beneath. Where the source of data is a database that has required some input to generate the data, the title of the database and a description of the options entered is

added to the source details. In most cases, this is the Danish Labour Market Authority's Jobindsats database at http://www.jobindsats.dk or the Department for Work and Pensions Tabulation Tool https://www.gov.uk/government/collections/dwp-statistics-tabulation-tool. Any calculations applied to the data are also provided.

Referencing

Referencing and citation styles

Referencing is in American Psychological Association (APA) style, a common form of the Harvard author-date referencing system. The author name and year of publication are cited in brackets and then a full reference provided in a list of references. Page numbers are also cited if a source is quoted.

Where a publication is referred to as matter of interest – as distinct from being cited as evidence – it is cited in the same manner and prefaced with "see, for example", or similar, enabling the reader to look it up should they wish to.

Web sources

The majority of sources have been accessed via the internet. A URL is provided, along with the date on which the source was last accessed. Over the time of research and writing, the websites of both the Danish and UK authorities have undergone redevelopment, and the cited sources may have been moved or deleted. Where this is the case and has come to the author's attention, an effort has been made to provide an alternative link, and [Source deleted] added if this has not been possible. Links to moved UK government URLs generally redirect to an archived version hosted by the National Archives, but this facility is not offered by Danish government websites. If the page is no longer online and the reader still wishes to be able to access it, an archived version (not necessarily corresponding to the page at the time it was read by me) may be available on Waybackmachine at http://archive.org/web/.

Referencing errors

I have experienced some difficulties with the citation software I used to insert citations and compile the bibliography, described by the software's developers as the worst they had ever seen. About 50% of the citations were randomly re-organised and some deleted entirely. I have made efforts to correct this when I have noticed a mistake (the

most notable are when there is a Danish citation when there should be a UK one, or if the year is obviously wrong), but it is inevitable that some will remain and I ask for the reader's understanding on this. These issues were still ongoing at the time of submission.

Chapter 1 Introduction

The British social security system has been accused of failing, and every adult claimant under 60 is the subject of a silent accusation: 'Could you be working instead of claiming benefits?' But this implies an equally silent rejoinder on government: 'What are you doing to assist in expanding my opportunities to work?' Finding out the fair and rational answers to such questions takes time, is difficult and expensive to do, and contingent on the state of the general economy.
Evans (2001) p.60

Around 25 years after the question of how workless benefit recipients can be moved into employment started to become one of the major preoccupations of the contemporary welfare state, the contours of the political and academic debates are now clear and well-established. The political case rests on a number of familiar arguments clustered around several core areas: debates about the labour market and paid work – often the need for labour market flexibility and work as a route out of poverty; the benefits system – that cash benefits can act as an incentive not to work and that governments need to engineer claimant incentives accordingly; the individual – that they need to change their patterns of behaviour in order to gain employment; and around different ways of organising back-to-work support – that competition between rival service providers will drive up results and encourage innovation. The evidence bases of these claims are all contested to some extent by the greater part of mainstream academic work (Newman, 2011) but perhaps the point of greatest contention – both in terms of the intensity and quantity of the criticism – has been over the distribution of responsibility for non-employment and thus efforts to move towards employment between the state and the individual, whereby an undue share of the blame for the claimant's worklessness is sited with the claimant themselves. This can take a variety of forms: the claimant not having the skills and experience employers demand; ineffective or insufficient jobsearch activity, or supposed 'poor attitudes' to seeking, taking and retaining employment. This critique of

UK employment programmes from Patrick (2012) is fairly representative of this line of argument:

> Employability programmes such as New Labour's New Deals and the Coalition's Work Programme place emphasis on the individual barriers facing those out of work, focusing on the supply-side of the labour market, and seeming to implicitly suggest that those out of work are ultimately responsible for their own unemployment [...] Policy energies and rhetorical discourses are centred on how best to activate the economically inactive, with the corrective lens firmly focused on the steps individuals must take to make themselves more employable. **Patrick (2012), p.8**

Given that challenging the notion that claimants' work-search efforts can vary, be inadequate and need to be strictly monitored has been such a focus for academic analysis in recent years, it is perhaps surprising that such work does not take the natural step, and turn these questions back on governments, as Evans does in the passage quoted at the start of this chapter. National governments' activation programmes have of course attracted considerable scrutiny – particularly around whether or not they are successful and whether they are appropriate given what are argued to be the complex and interacting causes of non-employment – but these critiques assume a permanence and a level of political and institutional embeddedness of these activation regimes (defined in this study as the set of services that are provided to help non-employed sick and disabled benefit claimants back to work; and how these are organised; delivered; targeted and financed) that may not exist, or at least may more variable than has been appreciated hitherto. In the quoted passage, Evans intimates that activation as a policy strategy may be less firmly rooted and more in flux than has been usually understood. The thesis takes this as a starting point and makes a case for the value of looking at activation in this way: as a policy approach that can be institutionalised and deinstitutionalised – more or less secure and embedded – according to the operation of a variety of factors, and for developing a framework to allow these variations to be identified.

The value of the concept of institutionalisation of activation and the associated framework that is offered are demonstrated through a cross-nationally comparative analysis of developments in the activation of claimants of sickness and disability non-

employment benefits[2] in the United Kingdom[3] and Denmark over a period of interest running from 2007 to 2014. Concepts are inherently comparative, and so they must be seen to be valuable in analysing two or more cases – here, countries – for them to have any reason to exist at all, and this is what the two national case chapters do.

The reason for doing a cross-national comparison goes further than this, however. As a relatively new area policy and given that comparative work takes some time to catch up with policy development, comparative analysis of activation for incapacitated benefit claimants is still in relative infancy. Even so, the analyses that are coming through presently don't appear to be using the insights that the past 15 years of activation research have bequeathed us since the last bout of cross-national analyses of welfare. Thus, studies like that of Etherington and Ingold (2012) take the cross-national analysis of this new and potentially exciting area study down a familiar road where the mode of analysis is that of formal programme content and in which countries are distinguished from one another according to the Work-first v Human Capital Development dichotomy – however much some studies strive to repackage it – and so, at best, the state-claimant responsibility debate outlined above is taken beyond one country. Insights from the policy implementation and governance of activation fields of research that have been so fruitful in studies of activation of other groups have not been brought to bear on studies of sick and disabled claimants in a cross-nationally comparative way. There are plenty of existing national studies around how various governance arrangements impact upon the ability of sick and disabled claimants to access support, but these insights are rarely put to wider use – either comparatively, looking at whether other countries experience the same problems and why they do, or do not – or explored for what they tell us about the nature of activation regimes for this group of claimants.

This is what this study tries to do. It seeks to tell a broader and more dynamic story about activation regimes for sick and disabled claimants – how they function (or indeed, malfunction) as the interaction of a variety of factors; to do this in a cross-nationally comparative way and by bringing together a range of different insights

2 For stylistic reasons, several variations on this are used, but this is the definitive phrase. Importantly, 'Claimants of sickness and disability non-employment benefits' is distinct from claimants of mainstream non-employment benefits who have a health condition or disability. The former is the focus here.

3 Excepting Northern Ireland, where social security and welfare-to-work is devolved.

from the fullest range of activation literature: orthodox policy content analysis; activation governance; the politics of activation, and policy implementation work. All these three tasks are accomplished through the construction and use of the concept of institutionalisation. By pulling together a number of different insights and ideas, it offers a richer and more finely-grained way of looking at activation regimes for sick and disabled benefit claimants but also one that is readily cross-nationally comparative. It also offers scope for uncovering the similarities in the way different countries have experienced this policy challenge.

Chapter 2 Review of literature

2.1 Role and scope of the review of literature

The drive to integrate sick and disabled benefit claimants into the labour market over the past two decades has generated a sizeable but what is argued here to be a narrowly-focused academic literature on incapacity benefits and the measures used by governments to help claimants to move into work. Most academic analyses are either observations of reform efforts; evaluations of effectiveness – and usually only of single scheme or one country – or normative discussions of the rights and wrongs sickness and disability-related social security reform. That the literature should be skewed in this manner is understandable given, respectively, the relatively recent nature of the reforms; the emphasis governments put on the question of 'what works, for whom and when' (Waddell, Burton, & Kendall, 2010) and the ease with which social security reform for people with illnesses or disabilities becomes politicised. But nonetheless, this review has confirmed my original working assumption that over and above whether particular approaches or programmes are successful in helping sick and disabled claimants find work and whether making incapacity benefits contingent on seeking work is politically or ethically acceptable, there are a series of compelling yet largely unasked questions about the nature and functioning of activation regimes for this group of claimants: how comprehensive are they? To what extent is the support offered to all claimants who need it? Is it inclusive, or only some sections of the claimant pool offered support? Is there a right to activation, or is it discretionary? All these, it is suggested, can be usefully asked and answered through the lens of institutionalisation.

The first section of this chapter works through the broader existing academic literature on activation to see what factors need to be considered if a concept of instiutionalisation is to readily capture the functioning of activation regimes for sick and disabled claimants and show how those regimes can be embedded and disembedded. The next section looks at the few existing attempts there have been to understand the activation of sick and disabled working-age benefit claimants cross-

nationally and, in the light of the research reviewed in the first section, argues that their design and conceptualisation leads them to present stories about of activation regimes that ignore some key issues and thus become too wedded to orthodox welfare regime models.

2.2 Constructing the concept of institutionalisation: what does the activation literature offer?

Institutionalisation is not a concept used in studies of activation, and so there is no pre-existing framework that can be adapted to study the institutionalisation of activation for the claimant group of interest. However, whilst the provision of employment support is generally assumed to be entrenched, a large number of studies do in fact show that employment support to marginalised groups is contingent on, amongst other things, political will; the state of the economy; funding structures and the management of providers. Whilst these studies generally do not conclude that activation for a particular target group can be a more or less strongly rooted, this is a logical conclusion of these studies. By bringing these insights, together, therefore, it should be possible to develop a framework for measuring and understanding the institutionalisation of activation for sick and disabled benefit claimants of working age.

2.2.1 Policymakers and political commitment to the activation agenda for sick and disabled claimants

One of the challenges to the institutionalisation of activation is that, unlike other social policies, activation is largely discretionary. Whilst claimants of, for example, state pensions accrue rights to their benefits through the payment of insurance contributions and most public healthcare systems provide treatment on the basis of a right derived from citizenship, employment support is rarely provided on a contributory or rights basis. Two aspects of this discretionary nature are important here. Activation has long been recognised as an inherently discretionary social policy at the frontline service level (Jewell, 2007) – and the question of what impact this has on institutionalisation is looked at in this study – but activation can also be

discretionary at the policymaker level. There are many studies that show that policymakers can and do expand and reduce the support used to activating marginal groups in response to a variety of pressures. For example, like many other countries, Ireland became in the last decade interested integrating disabled people into its national activation strategy, but the pressure to focus on newly unemployed claimants due to the economic downturn led to this falling away as a policy priority:

> Planned extension of the NEAP [National Employment Action Plan] to lone parents and people with disabilities has now been quietly put away. A political concern with the rising live register, while understandable, back tracks on commitments to extend activation policy to groups traditionally seen as outside the scope of employment policy. The employment needs of lone parents […] people with disabilities and carers could fall off the political and policy agenda. This sharp u-turn on the slow road to equality or active inclusion and the underlying agenda of focusing on managing predominantly male live register unemployment may be difficult to reverse.
> **Murphy (2010) p.1**

Writing at a similar time, Sissons observes a similar process in the UK:

> Recession does raise an important question about how those with health limitations…can now compete for jobs with newly unemployed groups…it is probable that the employment needs of the claimant unemployed, who will receive more intensive forms of support under the new Flexible New Deal programme, *and who represent a more politically sensitive measure of labour market disadvantage*, will be prioritised over those on inactive benefits.
> **Sissons (2009) p.179, emphasis added**

Rising costs of providing employment support and the concerns over poor programme performance or poor value for money might also dent political commitment because, as Jewell (2007) notes, such programmes "are expensive to develop, yet they may not improve participants' prospects of finding employment" (p.27-28).

These experiences accord with the 'reserve army' theory of disabled people's relationship with the labour market. Since at least the 1970s the idea that disabled people constitute part of the reserve army of labour – to be utilised when in periods of labour shortage and easily disposed when demand falls – has been influential in the disabled people's movement and disability studies as a way of explaining disabled people's labour market disadvantage (Stone, 1984). Later analysts have adapted the 'reserve army' thesis to explain more recent efforts to activate sick and disabled benefit claimants into work. Making employment-ready sick and disabled benefit claimants deemed to be non-work ready moves them from what Marx called the 'pauper' or

'stagnant' element of the reserve army – members of which cannot be drawn upon immediately by capital and also who do not exert an effect on wage inflation because of this – to the 'latent' and 'floating'; elements (Harvey, 2010), expanding the pool of labour capital can call on to fulfil often low-waged and low-status work (Hyde, 2000), particularly in times of labour market tightness: "Policy changes have been aimed at reconstructing the *non-employed* disabled people as an important part of the reserve army in a period when labour markets are tighter" (Grover & Piggott, 2005, p.705, emphasis in original). These theoretical perspectives – as well as Sissons's and Murphy's empirical observations – suggest that providing employment support for non-employed sick and disabled claimants is an economically contingent policy aim that makes sense in some economic conditions and not in others. While investigating this specific hypothesis is not the aim of this thesis, it is another good reason to believe that institutionalisation of employment services for sick and disabled claimants is variable.

This is not necessarily an inevitable process Conceivably, activation for sick and disabled claimants could be conceptualised by policymakers as a core and not additional labour market policy and thus it could be insulated from deprioritisation described here. However, the evidence of the experiences presented here do at least show that the nature and strength of the political commitment to activation can vary, and that this should be part of a framework looking at the institutionalisation of activation for this group.

2.2.2 Sorting and selecting claimants for activation

One of the major weaknesses of current approaches to analysing the activation of sick and disabled claimants is that they tend not to discuss – or discuss in insufficiently precise terms – how wide the commitment to activation is. Incapacity benefit claimant pools are large and diverse, and a stated commitment to offer more employment support may or may not apply to this full diversity of claimants.

A number of authors (Evans, 2001; Mabbett, 2003) have described how the categorisation of claimants structure access to back-to-work programmes, with the

highest priority and best-funded programmes being easily accessed by claimants of unemployment insurance benefits, with those on incapacity payments and on social assistance being sidelined. The point was articulated most clearly by Evans (2001), in his cross-nationally comparative study of activation in five countries (the UK, France, the Netherlands, Germany and the United States). He argues that benefits systems 'sort and select' – some more strongly and rigidly than others – claimants into distinct claimant 'reservoirs' that accordingly differ in terms of the demands made upon their claimants and the support offered. Across all five countries, sick and disabled claimants' access to support tended to differ in a number of important ways to that offered to claimants of unemployment benefits: it was not generally offered at an early point in the claimant's relationship with welfare authorities, tended to be mainly specialist and not strongly related to employment, and funding was often poor. Evans describes the way different claimants are channelled towards different types and levels of support as 'the organisation of opportunity', a useful collective metaphor for many of the individual processes this research project is examining:

> How policy actors define you influences the reality of each part of the phrase welfare to work. It defines you as a being in a target programme or as part of a target population – that is, in the welfare part of the phrase – and also often determines *what you get* and from whom in order to work. It is these differences that I call the 'the organisation of opportunity'.
> **Evans (2001), p.1, emphasis added**

Without major change in the organisation of activation for historically excluded groups, he argues helping them into work will continue to be an essentially peripheral priority whereby their activation continues to lag behind that of the frictionally unemployed:

> It is difficult to see how the distribution of resources, so prominently skewed to the easiest to serve at present, can be reallocated other than by a 'wait and see' policy (this means that, as unemployment levels fall, the harder to serve will eventually get nearer to the front of the queue, but presumably still some way behind the continued demands of the frictionally unemployed). While this approach may make sense in economic terms as an efficient rationing of current resources, it cannot also carry the label of equal opportunity.
> **Evans (2001), p.39**

Whilst Evans' work concerns the benefits and welfare to work systems and their various individual groups as a whole, the processes he describes could now apply to

sick and disabled claimants specifically – i.e. that policy sorts and selects different elements of the incapacity benefit pool and applies different levels of support. Indeed, though with more of a focus on social security and using rather different concepts, Grover & Piggott (2010) describe the same processes as happening within Employment and Support Allowance (ESA) in the UK:

> The purpose [of ESA] is not to get all people who are sick and/or who have impairments into paid work, but through interpreting data collected about their health conditions to determine whether they should be expected to work and when. In this sense, the newly established processes that are central to the operation of the ESA have a familiar role in surveillance; to classify people so that they can be treated differently from one another.
> **Grover & Piggott (2010), p.268**

Described here is what is lacking in some of the studies examined later on in this chapter. They only describe the services offered, and not how different pools of claimants are channelled to them[4]. How strongly institutionalised an active work-focus is for sick and disabled claimants depends on many of the processes that Evans and Grover & Piggott describe.

The claimant pools in both countries range from people with lifelong severe impairments needing extensive support, through long-term unemployed claimants who may have a variety of social and education-related employment barriers in addition to their health condition or disability, to claimants with issues that can be managed through routine support – and different groups of incapacitated claimants will require access to different kinds of services, from specialist to general support. How well labour market authorities connect these different pools of claimants to the appropriate support is therefore central to the institutionalisation of activation for them. Most studies, however, tend to gloss over these distinctions, despite the debate over the appropriateness of specialist versus general employment services for incapacitated claimants being prominent and extensive over the past ten to 15 years.

The issue of how different types of claimants are connected to different types of support is crystalised particularly clearly in the debate around specialist and mainstreamed support that goes on in disability studies analyses of many different types of public services (see, for example, Shah (2007) in relation to education),

4 Or indeed, as it seems in some cases, not channeled anywhere at all.

including employment services. The following extract from a report by the DWP Advisory Committee for Disabled People in Employment and Training sums up this issue well:

> At present it can be seen as 'the easy option' to direct disabled people to specialist services – easier for the disabled person as well as those assisting them. However, even that option is complex – as well as having the outcome of segregating, rather than including disabled people. It can also highlight, in the mind of an employer, that this is someone who is 'different' and needs 'special' handling, rather than a potential employee who may be the best person for their job.
> **Advisory Committee for Disabled People in Employment and Training (2001,p.2)**

Opening up mainstream employment support potentially does institutionalise activation for these groups more strongly, by allowing them access to a wider range of services. On the contrary, however, as (Mabbett, 2005) describes, it may instead expose them to competition for support from less disadvantaged groups and, as Evans (2001), argues, subject them to an inappropriate regime: "The balance between a single gateway that can give access to service-rich programmes for a wider selection of claimants and a work-focused entry point that can emphasise diversion must be carefully thought through" (p.31). As the next section shows, which of these is the case in each of the countries is likely to depend on political and administrative choices around funding mechanisms, regulatory regimes and organisation of programmes and services.

2.2.3 Governing activation regimes for incapacitated benefit claimants

One of the central issues the literature on the activation of sick and disabled benefit claimants and other marginal groups focuses on is that of the barriers such groups face in getting access to employment support. A prominent form of this is 'creaming and parking', whereby claimants considered too distant from the labour market given the instruments and funding available are 'parked' and given minimum support, whereas the most job-ready are 'creamed' from the top and have the bulk of resources focused on them. Given the perception (on the part of service providers) of disabled

people's lower chances of gaining employment and the more multiple and complex nature of their employment barriers, sick and disabled claimants are likely to suffer from this. Indeed, this has been observed on a number of programmes in a variety of countries, including the UK (Rees, Whitworth, & Carter, 2014; Hudson et al 2010) and Australia (Byrnes & Lawn, 2013), as well as with recently-arrived immigrants (Shutes, 2010), lone parents, members of ethnic minority communities (Dockery & Stromback, 2001) and the long-term unemployed more generally (van Berkel, 2005; Winter & Haar, 1996)

For example, Hudson et al (2010) found that in the UK's Provider-led Pathways to Work programme:

> In all areas there was adviser frustration that management pressure to focus on job ready clients was leading to less time being spent with clients who are further away from work. A strong sense of what needed to be done for business survival and job security saw creaming (working intensively with some clients) viewed as appropriate behaviour in a target-setting environment. Parking (giving other clients a bare minimum of service) was seen as appropriate practice.
> **Hudson et al (2010), p.4**

A number of factors appear to encourage creaming and parking. Programmes that are strongly outcome-based – whereby the provider is paid when the claimant enters employment, rather than paying mainly or wholly for a service provided – seem to suffer from this problem most acutely (Davies, 2008) Activating disadvantaged and less disadvantaged claimants together increases the pressure and ability to cream and park (Mabbett, 2005) – a particularly crucial point given that this appears to be a trend of recent policy. Limited capacity to help claimants with specialist needs also appears to lead to parking (Rauch & Dornette, 2009) as do programmes being underfunded (Corden & Thornton, 2003). Conceivably, also, such behaviour might be curtailed if there exists a claimant right to employment support and if this is enshrined and protected (van Aerschot, 2013; Benish, 2014) Corden & Thornton (2003) recommend providing higher rate compensation for providing services to client groups or individuals with greater needs; setting different benchmarks for payment purposes for client groups or individuals with greater needs; providing additional fee-for-service funding to meet needs of individuals and requiring a quota of people with greater needs amongst a provider's successful outcomes. Personal budgets assigned to each

claimants, as used in the Netherlands (OECD, 2008) would likely also circumvent attempts to divert resources from more to less disadvantaged claimants.

The implications of creaming and parking for institutionalisation should be obvious. If sick and disabled claimants are routinely unable to access employment support, then activation for them is weakly institutionalised – even if it is a prominent policy aim, it will not be guaranteed experience for claimants in the everyday operation of the activation regime. However, in the light of the previous discussion, creaming and parking of vulnerable claimants, important though it is the literature on the activation of incapacity benefits claimants, should be seen as really only the service-level expression of the *system-wide* process of sorting and selecting claimants. It crystalises what is a much larger and broader range of governance tasks central government has to get right in order for services to be available, accessible and properly functioning. The broader literature on activation tells us that governments have to deal with finding and/or developing the right kind of services and service providers; manage decentralisation; reconcile the need for central political management with trends towards personalisation of activation, and foster inter-agency co-operation across traditionally separate divisions of government responsibility, amongst other tasks (Van Berkel & Borghi, 2008).

2.2.4 Conceptualising activation regimes

Activation regimes tend to be understood as exhibiting characteristics of either Work-First or Human Capital Development (HCD) models. A short-term focus on re-entry into employment, with the suitability of employment for the individual not a major concern, is the central principle of Work-First regime. This usually goes along with low-cost employment support such as work-search and CV writing. Peck & Theodore (2000), in one of the first major attempts to map out the features of work-first policy, describe it as a labour market regulatory strategy designed to “compensate for the weakened 'demand pull' of contingent labour markers, the capillary action of which has been ruptured by job instability and low pay” (p.134). This compensation comes, they argue, largely in the form of benefit sanctions, the threat of which 'pushes'

claimants into low wage work. The HCD model is the antithesis of work first, with long-term *employability* – rather than short term *employment* – being the focus. This entails high investment in the employability of the claimant much more broadly defined than in work-first regimes; in education; skills and health-related services, for example (Lindsay et al., 2007). HCD approaches also tend to have more of a focus on employment sustainability and progression (ibid).

The review thus far has shown that there are several good reasons to believe that the delivery of employment support may much more variable in practice that such models would suggest. Largely, however, this variability is not something that is addressed directly – and perhaps cannot be – by extant activation regime models or even by the use of such models in understanding particular programmes and countries (see, for example, the critique of Etherington and Ingold, 2012, below). Embedding support would appear to be a challenge in both cases. As Peck & Theodore do argue (2000), the political success of work-first approaches (and therefore, by extension, support for investment in services for claimants, especially those considered further from the labour market) is likely to be contingent on good economic conditions. HCD approaches are less at risk given the more numerous and broader justifications for such support beyond simply entry into work, but other challenges present themselves. From decades of public administration research, well known, for example, are the difficulties facing policymakers in integrating services from diverse policy areas in the service of a policy goal like the integration of employment; health; care and education policy in the service of employability.

Table 2/1: Work-first and Human Capital Development ideal types

	Work-first	**Human Capital Development**
Rationale	Facilitating rapid return to labour market	Improve long-term employability
Targets	Job-entry. Benefit cost reduction.	Sustainable transitions to work and in-work progression
Intervention model	Job-search and short-term training, especially for closest to labour market. Other work-focused activities for non work-ready groups.	Long-term training integrated with care; education and skills. Holistic, professional case-management.
Programme dynamics	Processing-based, highly exposed to labour market	Course-based, insulated from labour market
Relationship to labour market	Demand-responsive: inserts jobseekers into available opportunities	Improves quality of labour supply and improves jobseekers' employability.
Governance/Performance management	'Hard' job entry target-based. PES-led, outcome-based contracting to third party providers.	Integration of an array of services. 'Soft' progression-based targets

Sources: Lindsay et al., (2007; Peck & Theodore, 2000)

The problem is not even that dominant Work-first and HCD conceptualisations do not recognise these issues, though sometimes they do so only implicitly. The model of governance and the basis on which employability services are provided – two factors which this review suggests may be important for the institutionalisation of activation support – are sometimes contained in schematics of Work-first and HCD regimes (see Table 2/1, above). Crucially, however, they are rarely acknowledged to be *interactive with* the other features of the regime and therefore partly *constitutive of* its overall character. Instead, one or two characteristics of each tend to dominate and be taken to represent the whole.

This critique would appear to present more of a challenge to extant conceptualisations of HCD regimes than of Work-first. Given that the stakes are so low, the dominant view of the UK as a work-first regime would not significantly be changed by a research finding that what little support that is claimed to be offered is more contingent and variable. The same is not true of HCD. Indeed, comprehensiveness and the depth of coverage is often claimed to be a defining feature of the model, and so research findings that show this is less the case than is assumed will be significant. Such findings would go alongside those of a number of other studies that are questioning the purity of the HCD model as it is claimed to operate in countries such as Denmark and Sweden (in relation to Denmark, see, for example, Abrahamson, 2010; Larsen & Mailand, 2007).

The argument presented here is very much of the broad tendencies of the way Work-first and HCD models have been constructed used, and it was not the intention to present it as entirely original. There are many studies that show that intentions of activation policy can be reconfigured either deliberately or unintentionally in the course of its implementation. Sirovátka, Horák, & Horáková (2007), for example, show how national activation strategy in the Czech Republic has been reconfigured at the local level, both in terms of content and purpose. However, I suggest that even these studies tend to underestimate the interactional nature of features of activation policy identified in this and the next chapter and how these can produce highly and quickly changeable regimes. Thus, I contend, activation policy may not only be reconfigured in the process of implementation and governance, but be in a potentially constant and

quickly changing state of embedding, disembedding and re-embedding in different forms, according to the operation of a range of factors.

2.3 Activating sick and disabled claimants in cross-national perspective

Given that the reforms in question are relatively recent, it is perhaps not surprising that comparative literature on activation of sick and disabled people is still fairly limited. This section[5] offers a critique of large-n comparative treatments which tend toward initially useful but analytically blunt attempts to catalogue policy changes and small-n studies, which whilst offering more analytical purchase, tend to be skewed either towards rather narrowly-focused evaluative comparisons or attempts to produce categorisations of national policy regimes that focus too much on formal policy content. These end up being too static to provide us with a satisfactory understanding of the processes that this thesis is arguing should be looked at.

Large n studies

A good starting point in looking at comparative treatments is the OECD's *Sickness, disability and work: breaking the barriers* project (OECD, 2006, 2007, 2008, 2010), the most notable multi-national survey of social security and activation measures for sick and disabled people. It is a comprehensive project, both in its the breadth – 28 member states and 11 in detail – and depth, looking at both social security, activation and related organisational and institutional reforms, and at the legislative and front-line levels. It draws out from the survey a large number of issues deemed to be important regardless of nation and specific national set-ups, and many of these are useful in generating the kind of framework needed for this research. In terms of activation, it, for example, looks at the prevalence, comprehensiveness and funding of different kinds of of employment services – supported, subsidised, sheltered employment – as well as vocational rehabilitation and more general services – and the timing of such support (whether soon after the initial claim or not until a given time has passed). Change in benefits regimes are examined through replacement rates; how long

5 Chapter 4 on research methods will deal with the merits of single, small-n comparative and large-n comparative strategies relative to the aims of the thesis.

benefits can be claimed for and the strictness of assessment criteria, and related aspects of incapacity benefits claims. Given the importance of looking at the governance of activation as established by the work reviewed in the previous section, it rightly points out the importance of cross-sectoral and inter-agency co-operation; reformed gateways to benefits and activation, and the correct engineering of incentives for benefit authorities, service providers and employers. It will likely prove influential on future studies as the area attracts more academic interest, as indeed it has on this one.

However, unfortunately, and perhaps inevitably given the common problems in forming concepts that need to apply to a large, heterogeneous group (Sartori, 1970), the OECD project aggregates this large number of interesting, fine-grained observations into rather blunt indicators of policy change. Scored observations were made on twenty policy elements and then combined these into two indicators showing how 'integrationist' and 'compensatory' different nations are. These produce intuitively sensible findings given what we know about cross-national variation of welfare states and welfare reform over time, with the countries falling into broadly familiar social democratic; liberal and corporatist groups and most becoming less compensatory and more integrationist over time. Epistemological concerns with reducing complex social and political phenomena to abstract indicators aside, the OECD indicators are in themselves of some merit. They are a reasonable first attempt at gaining a sense of the type and extent of policy variation in the countries studied and are thus a useful point of departure for smaller-n studies. However, the OECD study fails to tap what I am arguing to be a number of important issues that must be understood to reach a richer understanding of an ALMP regime for sick and disabled benefit claimants in a given country. This is partly due to design flaws, and partly due to the inherent limitations of a large-n approach. Firstly, whilst the report does cover governance issues in some detail, they are not – for reasons unknown – included in the two overall measures. This approach assumes, for example, that the existence of a given programme means that claimants are able to access services, despite evidence that claimants may be excluded for a variety of reasons, or that the services may not exist due to difference between localities and/or service providers. Secondly, and perhaps more fundamentally, in separating benefit and activation reform into two unlinked measures, the OECD studied underplays the relationship between them. As

the first section of this chapter showed, however, benefits systems can strongly influence access to employment support and reforms of incapacity benefits can have significant impacts on the provision of activation services – making receipt conditional on taking part in activation, for example, puts significant new pressures on activation providers unused to large numbers of new claimants with complex and multiple employment barriers – see, for example, Rauch and Dornette (2009).

In working up from the 20 observations to produce the two overall measures, the study inevitably ends up conceiving of the nature of the policy systems in each country as being the aggregate of all these, failing to understand the *interactional* nature of the policies involved. As the previous section showed, however, the various legislative; institutional and organisational policy settings can be at tension with one another, some promoting and some undermining the goal of a secured, comprehensive approach to helping incapacity benefit claimants into employment. As a consequence, the OECD study's approach ossifies what I argue to be inherently dynamic and changeable policy regimes. Though the study does plot changes on the two indices over time, this is still very much only a reflection of progress or otherwise in introducing changes on the measures identified, and it does not recognise that these regimes are highly changeable according to variation of a number of factors discussed above.

Given the relatively small number of large-n comparative studies, it is admittedly somewhat of a moot point whether these faults arise from the design of the OECD study itself or whether they are inherent in large-n comparative approaches. Certainly, other large-n studies, whilst having strengths the OECD study lacks, suffer from some of the same drawbacks. The Academic Network of European Disability Experts (ANED) permanently monitors changes in policies affecting disabled people in 34 European countries and produces yearly reports. The ANED reports (see, for example Greve, 2009) accept (albeit implicitly) and observe much more finely-grained change in policy and show that the movement towards more inclusive policy arrangements can be halted or reversed by various political, economic and institutional factors – a finding shared with a smaller cross-national project on the impact of European governments' austerity plans on the rights of people with disabilities (European Foundation Centre, 2012). Again, though, the ANED reports are

hindered by the size of their sample to making relatively general conclusions which though useful and which provide a good jumping-off point for more detailed analyses, put an upper limit on the sophistication of the national accounts they are able to produce.

Small n studies

A smaller cross-national study of activation for sick and disabled claimants and of other groups appears to offer a means to study the issues identified, though existing ones suffer from some important drawbacks. Worth pointing out here is that despite the considerable number of differences in the nature of the two welfare states that are the focus of this research and the consequent apparent difficulty in comparing them, Etherington & Ingold (2012); Ingold & Etherington (2013); Lindsay & Mailand (2004) have produced cross-national comparisons of the activation of marginalised labour market groups in the UK and Denmark.

Etherington & Ingold (2012) is, to date, the only cross-nationally comparative analysis of activation and benefits policy towards sick and disabled people in Denmark and the UK[6], and so it is worth looking at in detail. Using primarily interview data they argue that though there has been a notable shift towards workfare in both countries, the idea of an inclusive labour market for sick and disabled people and support to help them access it has become increasingly the reality in Denmark whilst it still remains relatively marginal in the UK. Their concept of an inclusive LMP has four parts, combining access to activation services; income security and financial incentives; welfare support and services that address health and childcare needs, and "governance and social partners that empower sick or disabled benefit recipients to negotiate the welfare to work system and how they represent recipients' voices and needs within different policy and governance structures" (ibid, p34). Whilst the study rightly links formal policy[7] and governance arrangements in order to

6 Although an overview of the two is given in Lindsay et al (2015).

7 The policy comparison between the Flexjobs scheme and Pathways to Work' Return to Work credit is also questionable in how it has been designed. Flexjobs is argued to be 70% of Danish activation programmes for disabled people, but the other schemes that go together with Flexjobs to form the total does not include Rehabilitation, even though it is mentioned elsewhere in the text. Further, Unemployment Allowance is counted as an activation programme. This is contrasted to the number of claimants claiming Return to Work Credit (RTWC) as a percentage of total Pathways to Work claimants, but it is misleading to present Pathways as the only activation programme for disabled people, as several others operated at that time. They appear to be comparing the take-up of one component of one scheme (UK) with the number of places on one scheme as a total of all schemes (Denmark), which is not comparing like with like.

produce an overall impression of the two welfare states' treatment of workless sick and disabled individuals, this is not clearly conceptualised or operationalised. Though it makes a number of brief observations about changes in the governance of Danish LMP and the impact these might have on the inclusiveness of LMP for these groups – such as the centralisation of activation when it has previously been at the discretion of local authorities, and increased focus on outcomes – these are not considered systemically and do not enter into the overall framework. This part of the study focuses mainly on the representation of sick and disabled people or their representatives in the policymaking process. Whilst this is important, it is not considered in the context of these other relevant governance-related issues. Essentially, the representation of claimants in and of itself is taken as denoting greater inclusiveness, regardless of the operation of other factors that might serve to undermine the impact of the inclusion of sick and disabled people's representatives in the policymaking process. They conclude that good representative structures have limited the impact of work-first on sick and disabled claimants in Denmark without having properly considered the mechanisms – outcome targets, single gateways to employment services, and so on – the activation literature tells us are commonly used to reorient LMP to work-first, and how they interact with the representative structures they describe.

Without systematic consideration of the factors that this review has highlighted, the distinction that Etherington and Ingold establish between the two countries is in fact not much different from those that distinguish approaches that emphasise the quickest route to any employment from those that develop the claimant's employability in a more gradual and holistic way. In various different forms (Barbier, 2004; Peck & Theodore, 1998) these two opposing models have been part of the activation literature for some considerable time. Though analysing in this way the two countries' approach to activating sick and disabled benefit claimants is by no means a valueless exercise, the contention here is that seeking to produce two broad descriptions on the basis of a relatively narrow set of observations gives us an understanding that is inevitably partial; static and misses some key challenges that both national governments are struggling with

Etherington and Ingold (2012) is thus fairly typical of UK-Scandinavian comparisons in welfare-to-work, which over-focus on the admittedly usually stark

formal policy differences without considering that they may have similar impacts due to the operation of other factors. They inevitably fall back on familiar welfare regime typologies. Lindsay and Mailand (2004) make this point in their discussion of welfare-to-work for young people in the same two countries, which they hold to be surprisingly convergent despite their quite different starting points and apparently divergent approaches:

> Activation remains a relatively new area of policy development and analysis. It is therefore important that critical analyses and attempts to explain recent developments focus upon the detail of policy. The above analysis suggests that attempts to explain activation policies with reference to welfare regime theory alone risk neglecting inconvenient, but crucial, features *that may indicate a process of policy convergence at odds with expected patterns of development*. In more general terms, our analysis adds to existing evidence suggesting that policy-specific comparisons may be rather more helpful in explaining recent trends in activation reform than traditional interpretations based upon the orthodoxies of welfare regime theory (Kasza, 2002). *The welfare regime concept is a necessary, but not sufficient*, element informing attempts to analyse and compare the development of activation policies for young people and other groups.
> **Lindsay and Mailand (2004), p.205, emphasis added**

Other small-n comparative studies might point the way to a more comprehensive and dynamic way of understanding this process. A four-country comparison of the UK, Denmark, the Netherlands and Germany (Van Berkel, 2009) and a similar British-Dutch-Swedish study by Minas, Wright, & Van Berkel (2012) emphasise the importance of looking at organisational reforms in concert with changes to the formal content of policy in understanding the development of activation in these countries. They are good examples of the power of small-n studies that connect up formal policy changes with organisational reform to understand the nature of the activation regimes and detect similar underlying changes in countries which at first sight seem very different. Crucially for this research project, Minas; Wright and van Berkel found found that;

> From different starting points and through different reform paths (of both policy content and administrative structures and practices), all three countries moved towards a "work first" and "work for all" position over the past ten to 15 years. This change in policy content has been connected with stricter control taken by the centre and more directive forms of performance measurement. A range of changes in the governance of activation appear to have supported and enhanced the broader shift towards activating social assistance recipients in ways that are more closely interlinked with activation of the insured unemployed.
> **Minas, Wright and van Berkel (2012), p.296**

2.4 Summary

This review of literature was conducted for two purposes. Firstly, to see identify what ideas and perspectives relevant to viewing activation through the lens of institutionalisation are available, and secondly, to critique existing cross-national analyses of activation of sick and disabled benefit claimants.

The first section highlighted work that either explicitly or implicitly shows that activation generally and of marginalised groups in particular can be a highly contingent process, depending on variable political will and various administrative and organisational decisions which, though they may seem innocuous, can be crucial to the institutional security of the agenda. Several perspectives, like those of Evans (2001) and Grover & Piggott (2010) point towards the need to examine whether or not these regimes are comprehensive, or whether they 'sort and select' from a diverse group of claimants. Working from an examination of the much-analysed issue of creaming and parking of marginalised claimants by activation providers, it argued that dealing with this is merely an example of a wider set of governance tasks that central government must carry out if activation for sick and disabled claimants is to be properly embedded.

The review then moved on to look at existing cross-national studies and the extent to which they incorporate these perspectives. It found that they tend to significantly underestimate the dynamic and interactional nature of the process of providing employment support for sick and disabled non-employed benefit claimants, significantly but not entirely the result of the failure to integrate policy and governance analyses. Existing studies do not address the heterogeneity of the claimant group in question or these sorting and selecting processes, and therefore do not show the extent to which the activation regime they present is comprehensive. Thirdly, they also do not often clearly connect the political and service levels, with most looking at one or the other.

The contention on which the thesis proceeds, then, is that the nature of the activation regime emerges from both how it is constructed as a policy priority by policymakers and from how it is constructed and operated at the service level. These two may be in harmony, or in opposition, and how they interact will impact upon how

fully and securely activation is institutionalised. The next chapter uses the insights of this one to build a concept of the institutionalisation of activation and offers a framework for its use.

Chapter 3 The institutionalisation of activation for sick and disabled claimants in a cross-nationally comparative perspective: a conceptual and analytical framework

3.1 Conceptualising activation regimes for sick and disabled claimants through institutionalisation

3.1.1 Extant uses of the concept

Whilst existing studies of institutionalisation were not influential in building the framework presented in this chapter, it is worth, firstly, looking briefly at how the term is used in other studies to see how it compares, and secondly, looking at two studies that confirmed my confidence in the concept once I had identified it.

Institutionalisation is an idea that is much used in a range of fields – though not in welfare-to-work – but often not in a clearly operationalised way. The following list identifies three distinct uses in social science:

- It sometimes is used to describe the process by which an idea becomes a default consideration; perspective; practice or principle of an institution.

- It may be used to describe the process of the creation of social institutions – i.e. how something becomes a central part of society.

- The term may also be used in a political sense to apply to the creation or organisation of governmental institutions or particular bodies responsible for overseeing or implementing policy.

The way I use the term is closest to the first use, though perhaps has elements of the other two; particularly the last one given the importance the framework places on the role of welfare institutions for enforcing a focus on sick and disabled claimants. The Online Dictionary of Social Science defines it as "Where social interaction is predictably patterned within relatively stable social structures regulated by norms."

(Online Dictionary of the Social Sciences, n.d.) and my usage is consistent with this broader definition.

Two studies confirmed my confidence in the concept once it had been adopted, each for different reasons. Firstly, Levy (1996) posits the idea of a 'web of institutionalisation' for understanding the integration of gender perspectives within Development policy and projects. Levy argues that thirteen factors need to be examined to determine whether gender has been institutionalised within development policy. The fact that a number of these – notably political commitment; resource commitment; representative structures; research; staff development and regulatory mechanisms – are the same or similar to parts of my framework was encouraging. Secondly, Levy argues that all these factors are inter-dependent and the non-existence of one factor can undermine the others. The visual presentation of the framework presented (1996, p.10) bears a resemblance to that of this research, presented later in this chapter. Thirdly, in a similar way to this study arguing that institutionalisation will ultimately find expression in the quantity; appropriateness and accessibility of employment-related support for the target group, Levy argues that it is the "actual delivery of programmes and projects which meet the needs of women and men" that is crucial and without these "all development interventions are unsuccessful and certainly the institutionalisation of a gender perspective has also failed" (1996, p.11). The similarity of how Levy constructs and uses her framework in gender studies further encouraged my use of the concept in analysis of welfare-to-work because it showed that although its constituent parts were drawn narrowly from ALMP literature, this did not result in a concept that had been overdetermined (and therefore limited to) by one field of study and thus my study and its concept would be understandable beyond ALMP.

The second study that confirmed me in my confidence in the concept was the only social policy study that I came across that uses the same concept in a similar way. It is also notable as an example of the use of institutionalisation in the study of a social policy using it to look at the embedding and disembedding of a service cross-nationally and for the similarity between the operationalisation of the concept and the key issues I have drawn out of the existing activation literature in the previous

chapter. Bahle (2003) uses the concept to compare the institutionalisation of social services in France, Germany and the UK. As with my characterisation of activation, Bahle argues that social services have not been "part of the historical core of the welfare state" (p.6) that are assumed by path-dependency theory to be strongly institutionalised and are thus an important case to study institutionalisation. Following Lepsius (1990), he specifies five conditions for the institutionalisation of social services. Firstly, the definition of a problem as a socially relevant one. Secondly, the integration of actors into the system and the definition of their roles and relationships to each other, which he identifies as having expression in the public-private mix and the relationship between different types of providers. Thirdly, the allocation of resources, which in his exposition focuses on financing mechanisms and new sources of finance, such as through contracting-out. Fourthly, the legal and administrative regulation of social service systems, and fifthly, the establishment of legitimacy, which is not clearly dealt with in the three country examples. Patently, there are similarities with some of the factors identified as being important in the previous chapter and, consequently, some of elements of my framework as laid out in the subsequent sections of this chapter. There is a focus in both on the political importance accorded to the issue, and on regulatory systems; financial systems and relations between different actors. However, Bahle's concept appears to be substantially divorced from any proper consideration of how the social service user's experience is influenced by the changing levels of institutionalisation. There is a very brief assertion that increased institutionalisation may produce standardisation of services, but, otherwise the impact of institutionalisation goes largely unexplored. Without this, it is difficult to see his concept of institutionalisation as especially useful. The institutional security or otherwise of a set of services does not really have much meaning unless a knowledge of that level of security sheds light on the impact on the users of those services, as it is upon them that the impact will inevitably be expressed.

3.1.2 The origin of this study's concept of institutionalisation

Using institutionalisation as the study's central concept was an idea that developed over time and in response to a number of issues that emerged as important from the initial review of literature. To an extent, it was a catch-all term that seemed able to

gather together in a coherent way a number of these issues.

One of the first things I did when starting on the study was to consider the nature of ALMP in comparison with other social policies. One of the major issues the comes out of that was the nature of activation as a seemingly discretionary social policy, in comparison to other social policies where there is a process of accrual of rights on the basis of contributions or citizenship and so these rights put a lower limit on the extent to which reductions can be made. Rather, ALMP in contrast appears to be a set of tools governments use to meet prevailing policy goals which might change, and so the activation commitment might change with it.

At the same time, the literature review produced work on 'creaming and parking' – providing more support to some select group of claimants and less to others – which seemed to be a particularly pressing issue with sick and disabled claimants, and especially when services were not delivered by central government agencies.

Similarly, at around this time (2010) also, welfare states were responding to the increase in unemployment due to the financial crisis, and this raised the issue of whether that would impact on the extent to which activation was provided (or at least still considered to be priority) given that (at least in the UK) it had been predicated in part on low general unemployment earlier in the decade.

These three considerations all raised the possibility of the level of support for sick and disabled non-employed claimants being variable. This very much accorded with the long-standing perception that such claimants found it difficult to access support because of their benefit status according them a low priority due to perceptions of the value of sick and disabled workers. This has oft been cited by policymakers as a reason for requiring such claimants to access support but has also featured in academic literature, with Evans (2001) arguing that the institutional set-up of benefits systems channelled certain benefit groups towards certain types and amounts of support depending on their benefit status.

In their own way, all of these issues pointed to the level of support being variable and this variance being attributed to a range of factors, possibly including economic, political and institutional ones. Thus, what was called for was a concept that would enable me to establish how well the practice of activating this group – previously a peripheral one – has become embedded in the everyday operation of the

activation regimes of the two countries. Institutionalisation – a concept which often (though not exclusively, as noted in 3.1.1, above) is used to refer to how far a practice has become secured, was a natural choice. The second major reason for choosing it – again driven by a conviction stemming from a review of activation literature – as it intuitively suggests that it is a series of institutional processes than can take us some of the way to understanding the nature and functioning of activation regimes for this group. In this way, the study is an example of the "`institutionalist' school in comparative social policy", central to which is "the analysis of the role of political decision-making structures, government systems and bureaucracies" (Mabbett & Bolderson, 1999b)

3.2 Criteria for and outline of the analytical framework

This piece of research has made three principal contentions regarding the institutionalisation of ALMP regimes for sick and disabled benefit claimants. Firstly, that analyses need to move beyond merely classifying national policy regimes according to whether they fit ideal types based on the types of services provided – commonly Work-first and Human Capital Development. An understanding of the types of services offered is important, but they exist in the context of a number of other factors that interact to produce more or less well-institutionalised activation regimes. The factors that have identified to be at work appear to fall into two sets of categories. Some are specific policy decisions by policy actors (either at the national or local levels) and others are pre-existing features of the ALMP landscape (funding systems, governance arrangements) which filter the impact of these decisions. The second main contention is that ALMP arrangements for this group are significantly more changeable than previous analyses have assumed given the interaction of these factors. Thirdly, as the last chapter argued, previous studies have not been sufficiently clear in establishing the scope of policy – whether or not it serves the full range of incapacitated claimants. This is where the types of services offered *is* important: given that the target group is very diverse in both countries, a broader range and availability of services is likely to mean that a greater proportion of the target group will get access to appropriate support, and therefore activation can be said to be well-institutionalised.

It is therefore possible to establish the following criteria for the analytical framework. The framework should:

- Identify functionally equivalent features of ALMP and its governance in the two countries in order to allow for a cross-national comparison between two distinct welfare systems.
- Establish the policy mix in the two countries: what services are offered and to which claimants.
- Distinguish between the two broad sets of factors that research argues are important in shaping the institutionalisation of these policy mixes – specific policy decisions and the organisational landscape – but also articulate how the two are connected, showing how factors at both levels interaction to produce strongly or weakly institutionalised ALMP regimes for sick and disabled claimants.
- Be capable of showing how institutionalisation can strengthen or weaken over time according to the interaction of these factors.
- Outline in an ideal-typical manner what a strongly and weakly institutionalised regime might look like.

Accordingly, this framework establishes four separate, but interlinked loci of analysis. Given there is no existing framework for the institutionalisation of activation, these are derived in a grounded and iterative way from the activation literature. The appropriate part of the literature is indicated and the relevance explained here, but the reader should refer back to Chapter 2.3 for a fuller treatment of the literature.

The first part seeks to establish the level of and over-time variations in the political commitment to the activation agenda for sick and disabled claimants. Most other analyses take this as a given, without recognising that it may in fact vary between lip-service to a genuine and concerted effort to construct an active regime and indeed may move between these extremes over time. Which of these is the reality in the two countries is essential to establish before anything else as it will inevitably have an impact how well ALMP for sick and disabled claimants becomes institutionalised. A lip-service commitment poorly backed by budgetary support is

unlikely to lead to a well-institiutionalised regime, no matter how benign other factors – organisational structures, provider incentives etc – are.

A discussion of the nature of the central political commitment to activation leads naturally onto a discussion of the scope of activation for sick and disabled people, based on a broad overview of the types and aims of activation. In particular, it looks at how well this matches up to the groups that have been identified by policymakers as targets for activation.

Following Evans (2001) and Grover & Piggott (2010) the next part of the framework draws on the argument that, partly by political determination and partly through the types of services and the rules governing access to them, sick and disabled non-employed are 'sorted and selected' for activation, and this process can channel a greater or lesser proportion of the claimant group to active services.

Whatever the strength of political commitment and scope of activation, however, the resulting strength of institutionalisation will be an outcome of the operation of a number of key features of the ALMP landscape – the system of funding; the monitoring and regulation of activation providers; the setting of targets, and the operation of incentives for providers to help those claimants with multiple and complex employment barriers. These will impact upon the extent to the support that exists actually does reach the full diversity of the targeted population.

Identifying these four loci is distinctly is necessary because it is possible that activation could be well-institutionalised at one level and not the others. Political support for a broad activation policy for a wide-range of claimants may be strong, for example, but central government may lack the tools to steer sub-national units to implement it, and it may not have a strong basis in the way the provision of activation is governed at the front-line.

Two further points that will aid the reader in the navigation of the framework are worth making here. Firstly, there is apparent overlap between the several different parts of the framework in terms of the factors that feature, though some considerable effort has been made how they are functionally different as far as the analysis is concerned. For example, that governments express a desire to steer sub-national ALMP policy towards providing more and better support can be taken as a sign of

commitment regardless of how they seek to do so. How they do this – what outcomes the provision of services are oriented towards, for example – comes in the second section on the nature and scope of the activation. How this actually plays out with other factors to produce strongly or weakly institutionalised services is looked at in the third section. This does inevitably involve some repetition – as the relevance of a particular factor to the three levels of the analysis is elucidated each time – but it is necessary to lay out the multifaceted and interlinked nature of the impact of each of the key features of the ALMP regimes.

Secondly, before moving on, this is perhaps the place to say that whilst the analyses of the UK and Denmark provided in Chapters 7, 8 and 9 follow the framework laid out here, the framework's primary purpose is to guide the fieldwork and analysis, rather than rigidly structure the writing of those chapters. Their structure and flow, therefore, may deviate somewhat from the structure of framework laid out here. For example, whilst answers to the sets of research questions and sub-questions below feature in the two national chapters, they may not all have a corresponding section or sub-section. This is a natural outcome of the process of writing-up and I have been conscious of the (in my opinion, problematic) temptation to go back and re-engineer the framework to ensure a neat fit between framework and the results of the research and writing process.

3.3 Central political commitment to the activation agenda

3.2.1 Extant conceptualisations and measurements of political commitment

Establishing the nature and strength of central government commitment is the logical first stage of the analysis as, regardless of the intervening factors, the strength of the institutionalisation of the activation agenda will inevitably be to some extent a function of the central government's political commitment to it initially. National government in both countries remains the initiator, regulator and funder of ALMP, and so looking at national political commitment makes sense, even though there is some element of sub-national responsibility for ALMP for both countries, and a significant element in Denmark especially.

Hammergren (1998) describes political commitment as the "slipperiest concept in the political lexicon" (p.12) and pinning it down such that it becomes usable in this analysis is made more difficult by the fact that it has not been a widely used concept in ALMP studies. Establishing the level of and changes in political commitment to a given policy has, however, been attempted by scholars in a number of areas of public policy, most notably in public health and international development, and in a number of forms ranging from typologies to mathematical indexes of commitment. It is possible, it is argued here, to adapt these so they can be used to analyse ALMP. Different conceptualisations use a number of different measures of commitment, some specific to a particular policy, and some more general. Two examples are given here. In relation to HIV/AIDs prevention in developing countries, a policy area in which there has been a noticeable effort to measure political commitment, Fox et al (2011) distinguish between *expressed* (how early and how often top-level leaders draw attention to a policy problem and the need to address it); *institutional* (whether or not governments establish the institutions and infrastructure needed to develop a response) and *budgetary* (whether sufficient resources are provided to back up the first two) commitment. Brinkerhoff's (2000) study of government commitment to anti-corruption efforts uses similar categories but additionally includes the *degree of analytical rigour* applied to understanding the problem and potential solutions; the extent to which *support from relevant stakeholders* is sought, whether *credible sanctions* of corrupt behaviour are established, and the extent to which the *outcomes of these efforts are monitored* and sought to be improved upon.

3.3.2 Conceptualising political commitment to activation for sick and disabled claimants

Taking these examples as a lead, this section now proceeds to outline what measures would be needed to establish the level of and changes in commitment to an activation agenda for sick and disabled claimants.

Fox et al's *expressed commitment* was established by scanning speeches and policy documents for mentions of the issue. This is a very time consuming approach that would give us a more fine-grained measure than is actually necessary. Given the

ease with which a speech can be made or policy brief written – in comparison to setting up institutions, new programmes and finding sufficient expenditure – it is not clear that counting mentions of an issue in official pronouncements actually tells us very much about the strength of commitment. Especially given that this discussion will come at the very start of the two empirical chapters looking at the UK and Denmark, what is more important here is to establish *what* governments have said about their ambitions regarding the activation of sick and disabled claimants – their stated aims; the scope of policy as articulated – rather than how much they have talked about it. This will serve a vital introductory and contexualising role for the rest of the two chapters.

Fox et al's focus on governments *building an institutional infrastructure* to tackle the policy issue and Brinkherhoff's *credible sanctions* do appear to be highly relevant for our analysis. Setting up new employment programmes and supporting institutions can be a complicated, politically risky (in the event of failure) and expensive process and so undertaking these tasks should be seen as strong indicator of commitment. Brinkerhoff's notion of credible sanctions points to a need to build into the measure the extent to which the two governments have been concerned to steer the implementation of an active agenda through incentives for providers. Given how frequently the issue of creating the right incentive structures emerged in the course of the fieldwork, the extent to which governments put effort into designing; setting-up and monitoring the effect of such incentives should be part of any measure of commitment, as distinct from the effectiveness of such efforts, which is the concern of later parts of the framework.

Activation of such claimants was for much of the period under study a relatively new field in which policymakers were unsure how best to help sick and disabled people into work, and it was a theme that came through strongly during the review of literature and fieldwork. Accordingly, a measure similar to Brinkherhoff's *degree of analytical rigour* and outcome monitoring would be an effective measure: in this case, the extent to which the two governments have done research into the needs of the target population, trialled activation measures for sick and disabled claimants, sought to develop and spread best practice and monitored the effectiveness of these measures.

The quality and availability of expenditure data has proved to be far better than expected, and so the framework and subsequent analyses for the two countries pay a significant amount of attention to how much is spent on activation for sick and disabled claimants. Expressing active expenditure as a percentage of benefits spending is a common way of examining the extent of activation, and this is used here. Spending on activation targeted at sick and disabled claimants as a percentage of overall ALMP spending does not appear to have been used widely, but it is possible to calculate given the quality and detail of the spending data that I have been able to access. It will show very clearly how large activation for sick and disabled benefit claimants looms in the overall ALMP budget, and an increasing share over time would be expected if political commitment is increasing. A concern here is that the measure will be skewed by steep increases in general ALMP spending due to, for example, increased unemployment and therefore spending on activation for general unemployment benefit recipients, and indeed, the period studied does involve economic downturns in both countries. However, there is a case to be made that as sick and disabled workless benefit claimants are facing the same tougher labour market conditions as newly unemployment claimants, and so spending on the former should increase in line with increases in spending on the latter.

A criticism to be made of both these broad aggregate measures is that they do not consider the size of the participant population. In both countries but especially the UK there has been a significant increase in the number of claimants required to seek work, and so aggregate expenditure figures could well be misleading if spending is spread amongst an increasingly large population to be activated. Where possible therefore, per-head spending should be calculated and plotted over time, and spending which is adjusted upwards with increasing participant numbers should be taken to be a sign of strong commitment.

In judging the two central governments according to these criteria, this part of the conceptual and analytical framework allows us to draw several important conclusions about the political commitment to ALMP for sick and disabled claimants that are important to establish at this stage. It tells us about the broad contours of the commitment; how much a stated commitment becomes a clear strategy through the trialling and testing of interventions and the establishment of an institutional

infrastructure and, if these are in place, how much governments are committed to using them to steer a national agenda backed by sufficient funding. All these can be regarded as an inputs into the policy process, inputs which are then shaped by the key features of the ALMP landscape that are discussed in the later sections of this framework.

The last part of this section operationalises these issues into several research questions and offers a range of indicators that would provide answers. The other two sections also have their own list of questions and indicators

A. The nature and scope of the activation agenda

A.1 *What are the stated aims of central government policy regarding activation for sick and disabled claimants?*

- Policy statements are likely to include references to one or more of; improving employment-focused support for groups marginalised from labour market; reducing the cost to the state and personal cost to claimants of dependence on benefits; improving quality of claimants' lives; increasing employment rate of disadvantaged groups; increasing quality and size of labour supply.
- May include specific targets: e.g; reduction of certain number of incapacity benefit claims; increasing of employment rate of vulnerable groups to a certain percentage.

A.2 *What is the scope of central government policy regarding activation for sick and disabled claimants?*

- Policy statements will have some indication of the number and range of claimants policy is seeking to support
- Policy statements may make reference to improving quality and quantity of specific types of support (sheltered employment support; supported employment); or making mainstream support more responsive to needs of sick and disabled participants.

B. Institution building

B.1 *Have governments launched national ALMP programmes for sick and disabled claimants?*

- Launching of national programmes or initiatives targeted at sick and disabled claimants during the period of interest.
- Closure or merging of national programmes or initiatives targeted at sick and disabled claimants during the period of interest.

B.2 *What other institutions have been established to support the agenda?*

- Existence of institutions or initiatives established and/or funded by government with some role in supporting the activation of sick and disabled people, for example, research institutions; discussion forums; representative organisations; centres of excellence.

B.3 *Has there been a strategy to build institutional capacity?*

- Training and recruitment of specialist PES staff.
- Measures to increase specialist knowledge amongst non-specialist staff.
- Contracting-out to disability/health specialist employment service providers.

C. Steering, target-setting and monitoring

*C.*1 *To what extent have the national governments shown a desire to steer service providers to provide adequate activation services?*

- The extent to which targets for the activation of claimants are set. This may include targets for;
    - The overall claimant population, both process targets (a given percentage provided with services, for example) and outcome targets (such as outflows from benefits to employment).
    - Individuals – most likely, interventions delivered within and for a given amount of time.

- Central government monitoring of service providers for their level and quality of support offered, and to ensure targets are met.

D. Trialling, research and evaluation

D.1 *How much research is done into the nature of the incapacity benefits caseload?*

- Existence of government-led or sponsored research on the claimant population – characteristics and needs; surveys of claimant population.

D.2 *Has central government sought to extensively research, trial and evaluate new approaches to the labour market integration of sick and disabled claimants?*

- Use of pilot programmes testing new approaches – particularly health support – or use of existing approaches for new sick/disabled target groups.
- Number, extent and scope of evaluations of existing programmes.

E. Resource commitment

E.1 *Over the period of interest, has central government expanded the amount of central funding going to activation for sick and disabled claimants?*

- Change in the ratio of active spending:benefits spending and specialist ALMP spending as a proportion of total ALMP expenditure.

E.2 *How has central government spending on activation for sick and disabled claimants changed with changes to the number and/or array of claimants being targeted?*

- Maintained or increased per-head spending on specialist ALMP programmes with increased caseloads.
- Programmes targeted at hardest-to-help are funded appropriately

3.3 The scope and nature of the activation offer

3.3.1 Conceptually linking the scope of the activation offer and institutionalisation

According to the criteria established at the beginning of this chapter, the framework should somewhere establish the policy mix in the two countries – what services are offered and for how large a group of claimants, and so by including a description of the scope of policy, this part of the framework can be made to serve these two purposes. The claimant pool is large and diverse in both countries, and the framework should distinguish here between a relatively limited commitment – characterised by short-term efforts for new claimants – and a more extensive one that seeks to reach much further in the pool of claimants who tend to have multiple complex barriers to work and longer histories of non-employment.

The relationship between the scope of activation and institutionalisation is not self-evident, and does require some explanation and justification. Whilst a limited regime – one that provided assistance only to claimants with limited sickness and disability-related needs – could be said to be well-institutionalised on its own terms – services for those claimants might be easily accessible, appropriately funded and backed by strong political commitment – the argument here is that this would still be a poorly institutionalised regime if the sickness and disability claimant pool is larger than this and especially so if benefit conditionality is applied widely – as indeed is the case in the UK and, increasingly, Denmark.

3.3.2 Conceptualising and operationalising the scope and nature of the activation offer

Categorisations of incapacity benefit claimant populations do not exist, but based on the caseload profiles in Chapter 6 and the review of literature, it is suggested that data should be collected on the extent to which services are offered for:

- Claimants with severe, life-long disabilities, typically requiring extensive support through sheltered or supported employment, the aim of which is not usually employment in the open labour market;

- Claimants whose incapacity and subsequent non-employment stems from a specific illness (increasingly likely to be mental health-related), or disability but who may also require additional education/training and social support stemming from long periods out of work.
- Claimants with only health or disability-related employment barriers.

The range of accepted outcomes towards which the services are provided is another key feature of the nature of activation but is also crucial for the next part of the framework: where a wide range of outcomes are accepted and thus paid for and part of the provider incentive structure, it will likely be easier for government to steer providers into assisting the full range of claimants, as opposed to focusing resources on the most job ready. There is a very extensive literature (Shutes 2011; Larsen & Bredgaard, 2008) that shows that parking of more vulnerable claimants is worsened when the main aim of ALMP is to get claimants into work in the shortest time possible.

A discussion of the basis on which services are provided fits most naturally at this point in the framework. As well as the types of services provided, the nature of the activation offer also stems from whether those services are provided in a discretionary manner, or by right. As the next section discusses how secure the activation offer is and how access can be easy or difficult, a discussion of whether a right to activation exists is a natural jumping-off point. As a relatively new area of policy, a *de jure* right to employment support is unlikely to exist in either country, but the regulations governing access to activation specifying the amount of support due to which claimants may amount to a *de facto* one.

A. Breadth of services offered

A.1 *What range of employment barriers are within the scope of policy and what services are accordingly offered? Are the notable changes in these over time?*

- Existence of strategies for:
  *Non-mainstream support: sheltered and supported employment

*Mixed-service approaches, combining health, education/training, social and general employment-related support.

*Health/disability-related components to mainstream employment programmes.

*Specialist mental health employment-related support

- The caseload size of these programmes relative to one another and to size of the claimant groups.
- The length of time interventions last for

A.2 *What range of outcomes are the provision of these services aimed at?*

- Likely to range from soft outcomes like health improvement to progress towards employment, to employment-only outcomes. The definition of employment may range from sheltered or supported employment to employment only in the open labour market.

A.3 *How wide a range of claimants are these services aimed at?*

- Target groups will either be stated in programme/policy documentation, and can be inferred from the nature of the services; range of outcomes and caseload data.
- Distinct programmes for different target populations, or distinct pathways through common programmes are likely to be indicators of a broad approach.

B. The right to activation

B.1 *Do claimants have a right to activation?*

- Benefit and activation programme and/or governing legislation will indicate what services claimants can access as a legal minimum.
- May indicate types or minimum length of support or less specific minimum

standards of service.

B.2 What right to appeal is available to activation participants who do not receive support, or receive poor quality support?

- The same regulations will likely indicate the grounds and procedure for appeal. These may be part a general public service complaints process or a specific social security complaints process.

3.4 Sorting and selecting for activation

At this point in the two country chapters the analysis should go further than just describing what services are provided to which of these claimant categories. How the organisation and regulation of access to activation – for example, how claimants are identified for different programmes and types of support; the conditions they have to meet, and so on – works to channel certain types of claimants to different kinds of support, possibly of varying quality is likely to be, based on previous work, crucial to the form and strength of institutionalisation. This is what Evans (2001) calls 'the organisation of opportunity' and Grover and Piggott (2010) refer to as the 'social sorting' of claimants.

A related point here is *w*hether sick and disabled claimants are treated on a specialist or general mainstream scheme, an issue which featured prominently in the literature review. The review of literature showed that there has been a general trend away from specialist programmes on the grounds that they can become 'ghetto' schemes that do not properly tackle the claimant's full range of barriers, to accommodating sick and disabled claimants are general schemes, but this is likely to make it more difficult to draw up protections for harder-to-help claimants and exposes them to resource competition from easier-to-help groups (Evans 2001, Mabbett 2003). Much the same issues apply to funding. Mainstreaming is likely to go hand-in-hand with common funding structures rather than ringfenced resources for sick and disabled claimants, which again may make it difficult for government to ensure resources are targeted proportionate to need.

A. Mainstream versus separate programmes

A1.*How are services organised relative to other groups of non-employed people?*

- Existence of specialist programmes versus treatment of sick and disabled claimants on mainstream programmes; merging of specialist into general programmes.
- Access of claimants of benefits other than incapacity benefits to specialist sickness/disability programmes

B. Selecting claimants for activation

B.1 How are claimants matched to programmes/services?

- Likely to either be an individual assessment or be determined by central rules like benefit group/time benefit has been claimed for.
- Programmes may have a participant cap, or there be a less formal rationing of certain services, likely the more specialist and expensive ones.

B.2 What access criteria must claimants satisfy to access different programmes/services?

- Programme rules will have more or less specific requirements around what level of need a claimant has to demonstrate to access certain services. Again, this is likely to be either a personalised assessment or a centrally-defined proxy for incapacity, such as benefit claim length or benefit type.
- Services are likely to be ordered so that claimants have to demonstrate a greater need to access more specialist services.

*B.3 Are there distinct strategies for different categories of claimant*s?

- The extent to which the above mechanisms channel different types of claimants towards different types of activation.

3.5 Regulating and securing activation: Steering activation for sick and benefit claimants

This section of the framework now moves on from establishing the important political, organisational and service context to looking at how these have an impact on the extent which sick and disabled claimants can access appropriate support in the every-day operation and management of the activation regime in the two countries. These factors interact with, in particular, the management of activation service providers; the channelling of funding for services and the operation of provider incentives. Thus, a relatively strong commitment centrally and the formal existence of a broad range of service might founder in the absence of, for example, ineffective application of provider incentives and limited steering of providers, or failed steering. The link between these two factors may also work the other way round: close steering of providers and well-designed incentives may will be undermined, for instance, by faulty categorisation of claimants or insufficient funds committed by central government. This part of the framework shows these dynamics at work.

As with other parts of the framework, the features of the structure of ALMP included here have not been chosen according to any one theory, but rather in a grounded way from the fieldwork and from existing studies of ALMP for disadvantaged groups.

Based on a number of previous studies of activation of harder-to-help groups (Larsen & Bredgaard, 2008; Shutes, 2010, for example), it seems to be the case that harder-to-help claimants often find it difficult to access activation support. Particularly when there is no formal separation between groups, they can be exposed to competition for support from more work-ready groups, and may be crowded-out of access to services (Mabbett, 2005). There are often a number of pressures on providers to help the easiest-to-help, rather than groups with more complex employment barriers, thus institutionalisation of support for sick and disabled claimants depends in part on what tools central government has to increase incentives to help such claimants and combat gaming behaviour which disadvantages them – and to what extent they are used, and used successfully. Such tools often, but not exclusively, involve the funding of policy – and so the existence and successful use of tools that ensure funds are spent on sick and disabled activation participants will be considered

signs of strong institutionalisation.

Many of the other factors laid out here appear to have a bearing on this process. These links and others between the components discussed here are displayed below in a graphical presentation of the framework – see Chart 3/1.

The second part of this section of the framework is perhaps the most crucial. It looks at the end result of the operation and inter-operation of the factors discussed so far: how widespread activation for sick and disabled claimants is relative to the overall size of the claimant group; how successfully parking of harder-to-help claimants is combated; how well groups with the greatest needs are able to access support, and the extent to which sub-national variations in access to activation are ironed out.

A. Steering providers

A.1 *What tools does central government have to ensure appropriate service provision and to what extent has it used them?*

- Existence of general incentive to help to sick and disabled claimants with multiple and complex employment barriers, and incentive relative to other more work-ready groups.
- Extent to which funding is specifically ear-marked/ring-fenced.
- Extent to which central government has used steering tools to promote activation for sick and disabled claimants.

A.2 *To what extent has 'creaming' of easier-to-help claimants and 'parking' of more difficult-to-help claimants been designed-out and/or tackled?*

- Extent to which there is evidence of systematic under-provision of support to harder-to-help claimants in favour of helping easier-to-help sick and disabled and/or general unemployed.

B. Accessing activation

B.1 *What proportion of the target groups take part in active measures?*

- Number of claimants accessing activation programmes/registered as being in activation as a proportion of total claims.

B.2 *Are claimants with the most complex barriers able to access appropriate support?*

- Ease of access to multi-approach, holistic measures.
- Provision of support over sufficiently long periods.
- Sufficient supply of places in sheltered and supported employment.
- Extent to which there is 'crowding-out' of incapacity benefit claimants' access to specialist support from other groups.

B.3 Are there notable sub-national variations in access to activation?

- Sub-national variation in 2.1 – 2.3

3.6 The form and strength of the institutionalisation of activation for sick and disabled claimants over time

This part of the framework seeks to help the national chapters come to a conclusion by collapsing this very great number of questions and indicators back into 4 key questions, the answers to which are intended to give an overall picture of the form and strength of institutionalisation of activation. This is also the best place to consider changes over time. This section is also a good point at which to describe what ideal-type well-institutionalised and poorly institutionalised regimes would look like.

1. Has the scope of activation changed over time in terms of the range of claimants targeted and range of employment barriers tackled?

- *Strongly institutionalised:* (Assuming claimant pool is diverse), the activation offer will be broadly targeted; services will range from specialised health and disability-related support to general employability support; to multi-service offers.
- *Weakly institutionalised;* (Assuming claimant pool is diverse), activation offer will either be narrowly targeted at most severely disabled through sheltered and supported employment or, conversely, be largely job-outcome focused support for claimants closer to the labour market.

2. Has political commitment to this scope of activation for sick and disabled benefits claimants strengthened or weakened over the period of interest?

- *Strongly institutionalised:* Commitment will be strong, backed up by research into sick and disabled claimants' activation needs; a range of institutions and a stated commitment to regulate for access to activation. Funding will is likely to be high on the various measures: in absolute terms; relative to ALMP and benefit spending, and per head. Funding should keep pace with activation caseloads.
- *Weakly institutionalised:* Commitment either superficial – stated commitment but not backed by the features above – or variable, reducing when faced with

difficulties, especially the pressing needs of other non-employed groups or poor results.

3. Has the institutional protection and promotion of sick and disabled claimants' right to the type of activation described in 1) increased over the period of interest?

- *Strongly institutionalised;* Claimants have a recognised right to activation which is codified in law and/or regulations which are enforced. Right to support is not contingent on work readiness or likelihood of job entry. Categorisation of claimant does not significantly impact upon the level of support claimant can access.
- *Weakly institutionalised*: Right to activation support does not exist, or not enforced. Likelihood of accessing appropriate support is contingent on meeting high work-readiness requirements or on perception by providers of entering work quickly. Apportionment of support according to categorisation of claimant.

4. Has the sick and disabled claimants' right to the type of activation described become more or less secure over time?

- *Strongly institutionalised;* High proportion and wide range of claimant pool can access appropriate support; claimants further from labour market can access appropriate type and length of support; parking practices and other gaming behaviour are designed-out or tackled; limited sub-national variation in access.
- *Weakly institutionalised*: Low activation rate; evidence of extensive parking and gaming behaviour of hardest-to-help which limits their access to necessary length and type of support; notable sub-nation variation.

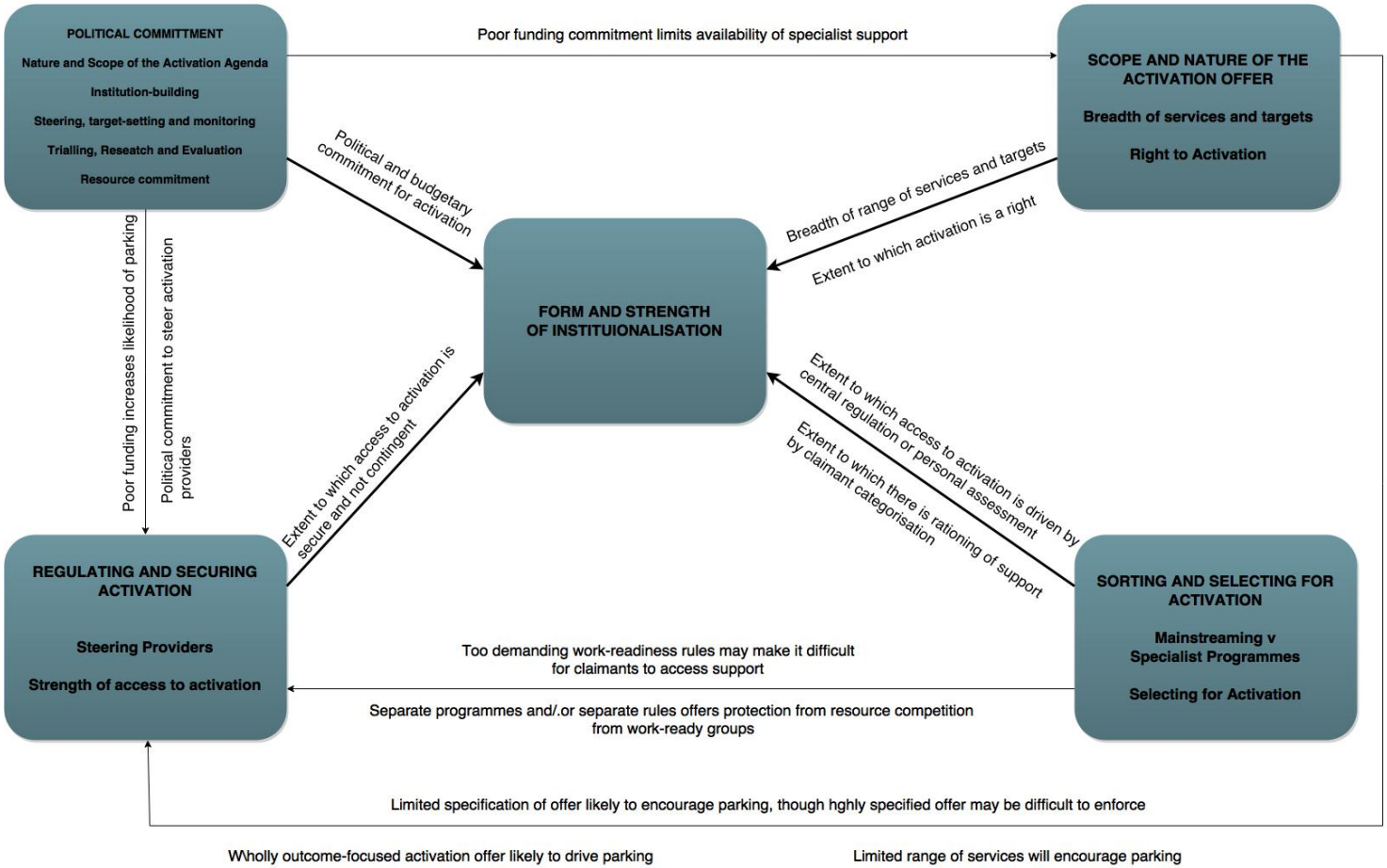

Chart 3/1 Conceptual framework

3.7 Reflecting on the use of institutionalisation as a concept

By way of concluding this chapter, it is worth reflecting on the value and wider implications of the concept as it has been constructed and operationalised.

In building the concept, a number of key issues and factors that have not previously explicitly been used together in existing studies of incapacity benefits activation are brought alongside one another – most notably, conventional policy/programme content analysis and governance perspectives. Conversely, in most studies the political agenda behind activation infuses the entire analysis, whereas here it is isolated as an individual aspect in this study's concept and framework.

Taken to its natural conclusion, the concept suggests that actual policy change in welfare to work for this group is driven at least as much by the internal dynamics of target setting – central management of service providers to align their practice with political objectives and the consistency of policy tools with policy targets – as by specific policy decisions to choose one type of programme or intervention over another.

Chapter 4 Methods

4.1 Justifying and using small-n cross-national comparisons

4.1.1 The logic and purpose of the cross-national comparison

Skocpol and Somers argue that comparative analysis has three main purposes: to detect covariation for the purpose of causal analysis; to show how parallel process of change are played out in different contexts, and to show how a particular framework or set of concepts usefully illustrates the cases chosen (1980, cited in Collier, 1993). Although the concept of institutionalisation is a product of other factors and thus there is some causal analysis in the study and whilst the empirical accounts inevitably touch on how processes of adaptation to the changing nature of incapacity differ in two distinct national contexts, it is the latter of the three that most closely resembles the overall purpose of comparison in this piece of research. The purpose of the comparison of the UK and Denmark is to show how the framework presented in the previous chapter can enable the user to better understand the provision of employment services for sick and disabled claimants not so much in those countries in particular, but in any mature welfare state where the labour market integration of such people has been an issue, with those two being used as worked examples.

4.1.2 Case selection

The somewhat unorthodox nature of the study makes case selection an uncertain process. Most of the methodological literature on case selection assumes that the aim is to explain a certain outcome. For example, there are a range of established case selection methods for studies seeking to explain variation on an outcome of interest by controlling variables. Similarly, it is often assumed the researcher's goal is to produce findings that can be extrapolated to a larger group of cases than those that were studied. The problem here is that neither of these completely apply to this study. The study is not aiming to explain variation on a variable of interest between the

cases, but rather to argue that the variable of interest – institutionalisation – is something worth studying per se. By extension, it is difficult for the "choice of cases [to be] driven by the way a case is situated along the dimension [of interest] within the population of interest" (Seawright & Gerring, 2008, p.296) if the dimension of interest is still essentially being developed. Similarly, extrapolation of the findings to a wider set of cases is not an aim – all that is aimed at regarding the broader universe of cases is that the UK-Denmark exposition should provide a convincing case for using the same framework to better understand other countries.

In the absence of the need for case selection in the ways described, all that is left is to apply a fairly practical set of criteria. The total universe of cases is thus all countries where labour market integration of non-employed sick and disabled benefit claimants has been something pursued by government. Countries without sickness and disability non-employment benefits or countries that have not made efforts to reintegrate such claimants into employment (as distinct from efforts to increase the employment rate of disabled people more generally, which may exist independent of the benefits system[8]) can therefore be excluded. This still, however, leaves a relatively large group of possible cases: the UK; Sweden; Belgium; the Netherlands; Germany; Norway; Australia; Denmark, and several others. Whittling this down to a manageable set of cases is where the likely difference or similarity between the cases *is* a useful tool. Whilst difference between the cases in terms of institutionalisation is not known for the reasons given above, broader policy differences between them on their benefits systems and use of activation *are* known. We know, for example, that Denmark, Sweden, Belgium and the Netherlands are relatively high spenders on activation and the UK is very low, and that the UK and Australia are usually considered to be essentially work-first, whilst Denmark and Sweden in particular are recognised as investing in the human capital of their non-employed.

The question now is whether to pick two similar countries, or two very different ones. For the purposes of proving the utility of the concept and framework, either of these could work. However, two supposedly dissimilar cases were chosen.

8 This was in fact an initial point of confusion with a small number interviewees, who did not understand that I was researching activation programmes for sick and disabled benefit claimants specifically, rather than disability employment issues – primarily discrimination and accessibility – more generally.

This is because, if the concept can be shown to usefully understand two countries that are thought to be very different in their approaches to activation, then this would be all the more impressive for the new concept. The first and highest hurdle would have been cleared, and later studies could then fill in the population in between by studying less disparate cases. This decision was also driven by a suspicion, based on a reading of the general activation literature and the specialist work on the development of welfare-to-work for vulnerable groups, that a government in any country – regardless of the activation model supposedly operating there – seeking to activate this target group will encounter similar challenges in doing so. Choosing a supposedly dissimilar pairing of cases will thus allow me to help prove the usefulness of the framework and concept, and give me the opportunity to offer a challenge to an existing dominant framework and concepts in the process of doing so.

Given all the advantages of being a UK researcher studying the UK – existing contacts; familiarity with policy; ease of access to research sites – this is a natural choice. Similarly, although the UK compared with Norway, Sweden or Denmark all likely would have been workable, Denmark was favoured because of pre-existing research contacts and good access to data – primarily data in English and quantitative data on activation.

4.2 Multi-methods approach

The choice of which research methods to use has been a largely pragmatic one based on the needs of the research, rather than one derived from a particular epistemological position. To explore the utility of the concept of institutionalisation and examining activation in the way suggested, a framework has been developed and that framework necessitates a number of different sources of data and ways of extracting that data. Due to the fact that I am attempting to pull together findings from a range of distinct areas of interest in welfare-to-work – each with their own traditional sources of data and methods – into an overall framework, a diversity of types of data and methods is inevitable. Even just looking at one aspect – the right to activation, for example – I need to find out what rights to activation exist, both *de jure* and *de facto* and how the

existence or otherwise of a right influences the delivery of services, and what the impact is. In that same order, those would involve reading legislation and programme/policy documentation; interviewing people likely to have an understanding of how service providers deal with this issue or otherwise obtaining it through reading submissions to committees of inquiry or government reports, and looking at what data there is – both qualitative and quantitative – on the impact on access to various types of support.

Although using data in the real world research is never this neat, qualitative sources – in particular interviewees and documents – were generally used first to help build up a broad understanding of the policy field and context, and then to start exploring some of the key issues – the scope and purpose of the activation offer; how activation for sick and disabled claimants is governed; the existence of the right to support, and so on. Quantitative sources, especially the Jobindsats database in Denmark for a whole range of purposes and UK DWP programme tabulation tools for referral statistics, were then used to substantiate findings from qualitative sources, and to develop a feel for how widely those findings were applicable. In some cases I then returned to qualitative sources – for example, re-reading the interview transcript or conducting a new interview or sourcing additional documents – to get at the nuances and exceptions, and to look again at issues on which two pieces of evidence did not agree.

Sometimes the type of data and method of collection chosen were the only ones possible. Determining the level of expenditure in the two countries cannot be found out by an other way than using expenditure databases, or asking government authorities to release accounts data if more detail is required. On the other hand, establishing whether the regulatory and steering tools the two governments use are successful in securing access to activation and the delivery of appropriate services can be done in a number of ways, and these in fact do differ between the two countries. The problematic issue here is not so much whether to use one source over the other as the opportunity to strengthen the reliability of findings by comparing two sources should never be passed up, but the extent to which we can be sure that different types of data extracted using different methods are telling us about the same phenomena, especially if different data sources and methods are used for each country. Taking the

immediately preceding example, does a low Activation Intensity percentage for a scheme in Denmark and a series of interview statements from a UK Disabled Persons Organisation (DPO) representative that the people they represent receive very little support from UK programmes show the same thing and should they be given equal weight? The first represents the average weekly amount of time spent in activation as a percentage of the maximum time (37 hours), recorded for most claimants, whilst the second is the view of a small number of people claiming to represent a group of participants.

Clearly, the data they provide is of a quite different order and they have different strengths and weaknesses. The Activation Intensity measure offers a great deal of precision and has the advantage of being calculated from national data, yet it says nothing about the distribution of activation over the entire population[9], nor anything about how the amount of activation provided in a week fits into the broader picture – why is it at the level it is, and if there is change over time, what is the cause of that change? On the contrary, interviews will often provide that kind of information, but the researcher has to establish how the interviewee knows what they are saying, and whether they have appropriate and sufficient evidence for it. In the second example, an assessment would have to be made about how they have ascertained their clients' experience and whether those experiences were representative of the programme as a whole. These considerations of what a source of data does and does not tell us should influence how strongly the claims based on them are made, and how many other sources need to be found to corroborate them in order to be confident about what they tell us.

Conversely, the same type of data in the two countries may non-comparable due to some specific feature of the activation system. It is worth recounting here the pitfalls experienced in attempting to compare per-head expenditure, as it is an interesting insight into the way national patterns of activation can frustrate what appear at first sight to be beguiling and easy comparisons. Tables 7/2 and 8/5 worked out an average cost per head by dividing the cost of the various schemes by the number of referrals. This is generally useful, but becomes problematic if schemes have

9 A 50% rate would indicate the average amount of activation is 18.5 hours. This could indicate a great deal of uniformity in that most claimants would get this level of support, or there could be clustering at the extremes, with some claimants getting the maximum and some getting none. Examination of sub-national quantitative data and asking interviewees about variations was needed to establish which was the case.

substantially different patterns of referral. Pathways-to-Work referral, for example, was triggered by a successful benefit claim and so would have had large numbers of people dropping out due to them regaining employment before interventions could be made. Dividing the total cost by the total number of referrals is therefore likely to underestimate the amount spent on support for claimants who stayed on long enough to get support. This is true for Pathways but less so for most other UK schemes because of the long lead-in times before claimants participate, but it is true for almost all Danish schemes. The incentives to activate are such that an active offer will often be recorded very soon, but most claimants will likely gain employment quickly thereafter. As for Pathways, the method described will drag down the average and give a misleading figure. This is not so problematic when comparing Danish schemes with one another – as like is being compared with like – but it becomes a problem if they are compared with most UK schemes.

Sometimes, I had to use methods that were significantly less than ideal and, considered alone, in which I was not strongly confident. For example, wanting more than just interviews with which to look at the issue of low provision of specialist support in the UK, I contrasted provider answers to a DWP survey about how widely they used a particular specialist service with the DWP's data on what proportion of claimants were defined as suffering from ill-health or a disability. If the former was significantly lower than the latter, some underprovision could be said to be taking place. This was very much improvised and there are clearly several reasons why some caution should be exercised when using these results. The survey used no standard definitions of the various types of support asked about and indeed, services for claimants with health conditions is combined with 'other services'. It is arguable also that providers have an incentive to exaggerate the extent to which they offer specialist support. Further, the disability and health indicators attached to claimant records are self-definitions, and identifying as disabled does not necessarily mean that specialist support is needed. That said, the results of that exercise did give a similar impression of the level of support to another part of the same survey – which asked participants what types of support they received – to what my interviewees reported, and what providers themselves have gone on record as saying. Thus, whilst an individual method or source of data may in itself be suspect in how well it measures what I am

using it to measure, this can be managed by triangulating the results with other sources and methods.

Researching the social world, especially when, as here, the issues concerned are multiple and interacting and when there is only a single researcher with a very limited research budget – is always going to be the art of the possible. Aside from interviews, there is little opportunity to generate new data over which the researcher has control, and so existing data – with its attendant limitations – has to be accepted, and these limitations managed by using multiple sources of data with complementary strengths and weaknesses.

Most of the issues discussed here arise in most types of research. There is, however, also the added difficulty – which is specific to this piece of research's positioning – that I have argued that a better understanding of the activation of sick and disabled claimants requires both an understanding of the certain crucial policy details and their operation, and the pulling together of a large number of different issues. There is obviously somewhat of a tension here given the lack of rsources. Again, this requires a certain amount of pragmatism in accepting what data already exists and valuing it for the information it offers; also accepting its limitations, and not seeking to resource-intensively generate new data that might be considered more reliable. For example, most measures of political commitment involve some kind of recording of the how often a commitment is mentioned in ministerial speeches and official documentation. Doing this is very time consuming for something that is only one of four main sections of the framework. Thus, political commitment has been boiled down to expenditure and some other easily observable and obtainable measures. This is less than ideal from the point of view of having a rigorous indicator measure of political commitment, but it harvests the detail of issues – expenditure and the testing and trialling of new measures – that are most relevant to the broader framework.

4.3 Data sources and methods

4.3.1 Interviews

Interviews were an integral part of the data collection phase of the research. The interviews were semi-structured, a common choice for qualitative researchers in this field of study because they are focused enough to touch on specific research questions but are sufficiently flexible so as to capture evidence which is "contextual, situational and *interactional*" (Mason, 2002, p.64, emphasis added). The project is trying to arrive at a better understanding of how different features of ALMP interact to produce more or less well-embedded activation regimes for sick and disabled benefit claimants and so rests on a number of key issues like the intentions and priorities of policymakers and their understanding and interpretation of the problem of the labour market inactivity of incapacity benefit claimants. Qualitative interviews are likely to be the best way of accessing these. It was hoped that interviewees would be able to draw connections between different policy decisions (and through time) in ways that policy documents – often relating to a single policy at a particular point in time – cannot.

Civil servants in national government agencies were interviewed first in both countries, along with representatives of relevant external policy advisory organisations. It was felt that they would offer the most complete overview of the policy field and the issues involved, and specific issues that emerged as important in these interviews could be explored in further interviews, especially with non-government sources. As actors within policy networks tend to share the same norms (Macmillan & Scott, 2003), it was thought that interviews would need to come from a broader array of organisations to avoid selection bias. Representatives in DPOs in particular were judged necessary to address this imbalance and by virtue of the work they do, it was hoped that they would be familiar with the most common problems experienced by activation participants and thus be a direct route to the issues around service delivery in particular. Making an attempt "to view the proposed goals and actions from the vantage point of every relevant subset, not just from the perspective of [government] leadership" (Mayer & Greenwood, 1980, p.43) is good practice in the

sense of producing reliable, well-rounded data that help the project answer the research questions in a reliable way, as well as in the political sense that Mayer and Greenwood meant.

A preliminary list of potential interviewees was compiled, based on a range of sources. Some interviewees were recommended by gatekeepers in each country – civil servant contacts in the UK and a government researcher in Denmark. Others were identified because they had made some seemingly relevant statement that was in the public domain – commonly testimony to inquiries; quotes in media articles or having authored reports or policy summaries. An e-mail summarising the research and inviting participation was sent out to prospective participants, and most replied and an interview was arranged. Although I identified potential participants in advance, Duke (2002) argues that interviewees themselves can be valuable in helping the researcher identify other informants and indeed, about half the interviewees were identified by other interviewees. This approach enables the researcher to "Establish a fairly accurate picture of the membership and shape of the policy" (ibid, p.47).

The research plan aimed for between 30-40 interviewees. This was based on the minimum number I thought needed to acquire information in the necessary amount; detail and quality in each set of interviewee types, in each country. Ritchie, Lewis, & Ellam (2003) argue that more than 50 are not required with qualitative research if sampling has been appropriate. The final number of interviews was 33, close to the average number used in 570 UK qualitative PhD theses and in 170 qualitative case study PhDs sampled by Mason (2010) – 31 and 36, respectively.

Table 4/1 Interviewee breakdown

	UK	Denmark	
Civil servant (Of which, former)	8 (2)	5 (1)	
External policy organisation representative	3	3	
DPO Representative	6	5	
Government researcher	2	1	
Total	19	14	33

It was anticipated that I would have to negotiate some amount of disagreement between the information provided by government and external interviewees in this most contested area of public policy, especially in the UK. On the whole, however, this was not the case. With one exception, interviewees engaged fully and frankly with the issues. This is likely due to a number of factors. Firstly, several government interviewees were interviewed after they had left their posts, and so were likely to feel freer to speak as a result. Similarly, all interviewees were told that their contributions were in confidence and their names would not be published. Perhaps most importantly, most interviewees were very used to talking to academic researchers and because of this and the briefing I gave to them before the interview, understood what I wanted to know, and why. They seemed to accept that my interest was a legitimate academic one, and engaged with me in that spirit. In Denmark in particular, there appears to be a close culture of co-operation between government[10] and academia.

4.3.2 Documents

Documents are a popular method of data collection in qualitative policy studies because a range of detailed policy documents published by government; partner organisations and external interested organisations such as think tanks and charities are usually freely accessible and provide an inexpensive method of data collection (Matthews & Ross, 2010). Documentary analysis is an efficient mode of data collection

10 To that extent that a Danish Labour Market Authority official told me that Danish officials have a phrase that translates to 'the academic quarter', referring to the fact that academics are often 15 minutes late to appointments which, owing to the tightness of my schedule and my poor map-reading skills, I often was.

– analysing the output of an organisation on a particular subject is often easier and quicker than undertaking fieldwork and interviews in all the sites of interest (Shaw, Elston, & Abbott, 2004). This meant that I was able to concentrate more resource-intensive methods like interviews to investigate issues that were not available in documents. This is particularly important for this project, whose broad terms of reference mean there was a large amount of ground to cover, in both a conceptual and geographical sense.

Table 4/2 lists the main types of documents, which specific types were consulted, and the purposes as they related to the aims of the project, as well as some illustrative examples. On the whole, however, they serve three broad purposes. During the earlier stages, an analysis of documents detailing policy helped me to conceptualise the field – to decide which reforms have been the most important and which might be more fruitful to investigate in more detail later; the kinds of issues that the policy debate in each country has revolved around; the ways in which non-employment of sick and disabled benefit claimants is seen as a problem and also which institutions are the most important. This also provided me with the contextual and background knowledge that allowed me to go into the interviews with enough knowledge for myself and the interviewee to discuss issues in sufficient detail to make them useful, and for me to be able to know which people to interview. In the next stage of the research, more specific and particularly internal documents like provider guidance allowed me to describe the arrangement of activation services and their governance. Thirdly, evaluative documents like transcripts of parliamentary investigations, in-house and external assessments and studies, and surveys done by advocacy groups were used in order to uncover the interaction of factors and how they produce stronger or weaker institutionalisation.

To an extent, there was an element of meta-analysis in this later stage. Due to the expansive nature of the project, it was necessary to collate the findings of other research. However, because this sort of research (principally done by government agencies and independent bodies) is plentiful; usually high quality; detailed and up-to-date, this strengthened the project rather than weakened it. This was also necessary for the UK in particular, due to the very limited amount of quantitative data about the amount, type and targeting of activation.

Table 4/2 Types of documents; examples, and their purpose in relation to the aims of the research

Type of document	Example (specific example)	Purpose
Official external documentation	Legislation (Danish Active Employment Efforts Act) Guidance for claimants/participants (Borger DK, 2014a) Submissions to international organisations (Danish Labour Market Authority, 2007) White papers/strategy statements (Freud, 2007)	Establishing the content; scope and nature of the activation offer. Establishing the legal/regulatory basis for employment services. Identifying the nature of and changes in political commitment
Official internal documentation	Internal policy briefings (Resource Scheme effectiveness projections, Appendix B1) Provider guidance/regulations (Department for Work and Pensions, 2015c)	Examine implementation and steering of policy. Uncover how issues around above are identified and tackled/ignored. Contrast with external documents to detect difference between stated policy and policy-as-implemented.
Government evaluations	Programme/strategy evaluations (Department for Work and Pensions, 2013a)	Examine level of and problems with participant access to programmes and provision of different types of services. Examine governments' perceived success of implementation and steering of policy
Third party evaluations/position papers/submissions to government or parliamentary research/inquiries	Think tank evaluations (Centre for Social and Economic Inclusion, 2014)	Contrast with government evaluations to detect differences in issues identified; control for political bias. Obtain perspectives of non-governmental actors.
Media reporting	Policy reporting in mainstream press (*Politiken*) Specialist disability press (*Disability News Service*)	Limited use made compared to other sources, but helpful in assessing the importance of a particular issue. Specialist disability press useful in bringing in perspective of non-governmental and non-policy network stakeholders.

Language considerations

The language barrier was not a major one when doing research in Denmark. All interviewees I selected spoke excellent English and I did not detect any major misunderstandings from them around what I was looking for. In some cases, they provided (often unasked) English summaries of documents they thought it important that I see. Where documents were not available in English, I used a variety of methods to being able to understand them. I learned enough Danish – particularly the specialist phrases used in ALMP – to be able to read chapter headings and then used Google Translate (GT) to translate target passages. Anything to be quoted that was in doubt was professionally translated. Though never as accurate as a human translation, GT is accurate enough for the purposes for which it was used in this study. Based on a study of GT translation of Chinese and Malay academic texts into English, Groves & Mundt (2015) argue that GT is appropriate for discriminate academic use. In a study of Google Translate's comprehensibility that tested 1275 language pairs, Aiken & Balan's (2011) analysis ranks the average of Danish to English and vice versa as the fourth most[11] comprehensible pair of languages tested. This very much accords with my own experience, having found that GT almost always provided a basically readable and understandable translation.

4.3.3 Quantitative data

Using expenditure data as an indicator of policy effort over time

Spending on welfare programmes is one of the most widely-used ways of tracking welfare effort and the data plays a significant contexual role in the analysis. Given current policymaking's emphasis on 'value for money', providing funding for interventions whose net impacts – when they can be discerned – are relatively small and whose subjects are often very difficult to help and require expensive long-term interventions, should be a sign of a genuine work-focus. As the research proceeded, the difficulties in using accessing and using such data quickly became apparent and these are worth briefly discussing, reflecting as they do interesting issues in doing

11 Full results table: http://faculty.bus.olemiss.edu/maiken/pairs.htm

cross-national analysis in social policy.

The first limitation that became apparent is that expenditure data would only be possible as a measure of central-level policy change. In both national cases, what is actually spent on claimants is not necessarily what is originally allocated by national governments. Danish municipalities decide on their own spending. Further, spending is spread across ALMP; health; education and other budgets, and so an accurate total figure is difficult to calculate. The problem I had with UK data in this regard is comparable: much of UK provision is now delivered under contract by private and third sector providers and for this they are paid a fee for taking on the claimant and then a range of performance-related bonuses. Thus, the decision to spend funds on moving claimants back to work – and how much to spend – is not directly in the hands of policymakers. Governments will spend a figure that is easily discernible (the number of claimants multiplied by the fees paid) but what is actually spent on sick and disabled claimants could be much more or much less than this. Such data is not available as providers are are unwilling to reveal their practices for reasons of competition. This is significant point for the analysis that I have discussed at length elsewhere – it means that policymakers cannot easily direct funds to the most in-need groups and conversely it may mean they cannot shelter such claimants from their activation dropping off the government ALMP agenda – but on the question of how developing an account of policy effort through expenditure data, it limits activation scholars to the national level. Furthermore, even at the national level, funding streams for activation programmes have been merged and so it may not always be possible to isolate what is spent on measures for incapacity benefit claimants from spending on activation policy generally.

OECD (2010) did calculate an overall measure of 'Active labour market spending on employment programmes and vocational rehabilitation' for sick and disabled claimants for 2007, raising the possibility that this may have been possible for other years. On further inquiry, however, this turned out to have involved an ad hoc data request that has never since repeated (Personal communication, Christopher Prinz, 1st December 2013). However, the OECD's Social Expenditure database contains expenditure data for the policies of interest, countries and time period under

investigation and so was an important starting point for developing an understanding of how spending priorities have changed over time. They are disaggregated by programme, so some level of precision is possible. Soc Ex was used for Danish expenditure on activation but data direct from UK authorities was available, so that was used for the UK analysis. The OECD and UK figures for several programmes were compared to ensure that the two sources of data were comparable. HM Treasury budget datasets were used for UK benefits expenditure and a Freedom of Information request to the Department for Work and Pensions for expenditure on specific programmes.

It became clear that some level of caution would be needed in using this data. There appears, for example, to have been some misclassification of some Danish expenditure by the OECD, and some adjustments that are less precise than is ideal had to be made accordingly (see 7.1 for a discussion of this). All that said, the expenditure data has been useful and using it with caution is better than not using it at all. Without it, interesting and highly relevant variations in expenditure over time and between programmes targeted at different groups would not have been identified.

Programme data

The scale of access to activation programmes and the types of activation provided are very important issues in the study. Accordingly, a great deal of effort was expended in compiling data on these issues. This was not difficult for Denmark, as voluminous statistics on these and related issues are available through the Danish National Labour Market Authority's Jobindsats database, "a databank with detailed and updated information about the number of unemployed persons in different kinds of active and […] passive income support" (European Employment Observatory, 2011 p.31). Data is less easily available for the UK, especially for defunct schemes, though most of the data was obtainable through an often fraught process of submitting Freedom of Information requests (see 4.3.4).

4.3.4 Freedom of Information requests

Freedom of Information (FOI) requests to UK authorities under the Freedom of

Information Act (2000) were used to capture a significant proportion of the information presented in Chapter 8. This was not initially intended to be such a frequently-used source of data, but it was needed because of the paucity of published programme data in the UK. FOI requests as a social science method are not much-remarked upon, but I have found it a useful source of data, particularly expenditure data and caseload data for UK programmes. A brief discussion is therefore merited.

In some cases, these requests have resulted in data not previously released being put in the public domain, data that can be used by other academics and by the public. In using FOI requests to get mainly quantitative data to corroborate claims made by interviewees, I have followed the Research Information Network's advice on using FOI requests in social research: "FOI should not necessarily be the default approach to obtaining information. It may be more helpful to envisage it as a means of complementing information already obtained from elsewhere, to plug gaps through the use of focused and well thought-out inquiries" (Research Information Network, 2010, quoted in Bourke, Worthy, & Hazell, 2012, p.1)

Getting a refusal to a request does not always mean that the time has been wasted. Knowing that the public authority has not seen fit to record the information can in itself be an indicator of the importance it attaches to an issue, and it was useful to build up a picture of the data on employment programmes that the DWP does not keep – this can be used to guide the data collection of future research. That said, although FOI was very useful with regard some specific requests and refusals were sometimes insightful, the overall return from requests was probably not proportionate to the amount of time and effort put in, particularly into challenging DWP's refusal to provide information on the grounds provided under the Act. The most egregious example of this was a request asking for all spending on active measures (ie. all employment programmes and all Jobcentre Plus expenditure) for 2012 onwards – OECD SocEx only provides data up until 2011. This was refused on the grounds that to calculate the costs was beyond the £600 limit set by the 2000 Act. I challenged this on the basis that it had already been done for specialist programmes with no problem, and because the data already exists for all years until 2011 in the OECD data. The challenges were met with rote responses that did not address the substance of my argument that the information existed[12]. I pursued this for several months with what,

12 In a small number of cases, including this one, a lack of basic understanding on DWP's part seems to

in hindsight, was a tenacity driven by the frustration that I knew the data existed but access to it was being blocked on spurious grounds[13], rather than by an absolute necessity for the data. While it would have been very useful to include overall ALMP data until 2013/14, given the declining specialist expenditure in those years and the increasing performance (and therefore increasing costs) of the Work Programme (WP) for Jobseekers Allowance (JSA) groups, the ratio between them would probably not have shown a different trend – ie, decreasing specialist expenditure as a percentage of the total – than that in 2010/11.

Whilst FOI requests have allowed me to glean some useful information that as a result of my efforts are now in the public domain, it is worth noting that both my efforts to request the information and the public money and resources used to reply to them would not have been necessary had the data been made publicly available in the first place. Although under the Coalition's Open Data initiatives the availability of information on government activity is generally much better than it was, there are still baffling inconsistencies. All Work Programme data is available through the Work Programme tabulation tool and users can generate their own data, at no cost to the public other than that initially used to create the tool. Although Work Choice operates under the same framework at the same time, and uses some of the same providers as Work Programme, DWP still publishes data through its own statistical releases, which don't contain the level of detail as that available through the WP tabulation tool. These are impossible to interrogate in the PDF file format DWP uses, and so the user has to copy all the data across onto a spreadsheet. Accessibility and useability of data worsens as one goes further back to previous governments, with data having been moved or archived such that recovering it exceeds the £600 limit; staff with the requisite knowledge to find and use data sources having left, and similar issues.

It is notable that although Denmark does have a FOI law [*Offentlighedsloven*[14]],

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have been behind the refusals to supply information. In this case, it took four e-mails for the DWP official to understand what was meant by 'Active Labour Market Programmes' and in another, the DWP response confused Work Choice with the Choices element of Pathways to Work.

13 “Kafkaesque” (p.12) was the phrase used by some of the researchers who contributed to the Bourke, Worthy and Hazell's (2012) handbook to describe this kind of struggle over the availability of information, and that very aptly describes my experience.

14 https://www.retsinformation.dk/forms/r0710.aspx?id=152299

I have not once had to invoke it. A large amount of data is available online and if it is not, most public officials have a publicly available webpage with their e-mail and phone number, and almost always reply with the information requested. There appears to be more of a culture of openness in government and a culture of co-operation between government and academia, and this has made the process of researching Danish policy often much faster and more efficient[15] than in the UK, despite the various additional barriers of language and my lesser familiarity with the country.

15 Not to mention more enjoyable and less stressful.

Chapter 5 Ethical and Political Considerations

5.1 Research ethics and the politics of research in the ALMP field

The research was guided by the University of Edinburgh School of Social and Political Science's (SSPS) ethical guidelines. All students of SSPS doing a research project are required to complete an assessment of what level of risk is involved in the research and lodge it with the SSPS Graduate School. This was done and a copy of the relevant paperwork can be found in Appendix C. I considered that completing the assessment and the following discussion of some of the ethical considerations were sufficient to satisfy the demands of the School's ethical research guidelines.

All interviewees were approached with a brief summary of the nature and purposes of the research so they could make a fully-informed decision on whether or not to participate. If they choose to do so, they were give assurances that their names would not be used. However, because of the interconnected nature of the policy field, it may still have been possible to identify people even if their names were anonymised and so I took strenuous efforts to protect the identities of my participants by assessing the likelihood this might happen with a particular description, balancing this, of course, with the need to ensure that evidence and its context was sufficiently clear.

A consideration of the ethics of research is not complete without and is not anyway really separate from a discussion of the political nature of research. By definition, ethical research is research that is aware of the political nature of its subject matter and that aims to make some positive impact on political and social life. Thus, it is incumbent on me to make clear where and in what ways political or otherwise normative concerns enter the design of our research. This is not to admit that the research lacks integrity. On the contrary, in doing so I honestly hold up my choices and motives to stand or fall under scrutiny. Choosing who and what to study involves judgements related to the academic significance and value of what could be found, but there are also assumptions – perhaps often unconscious and only clear when one pauses to reflect as I am doing here – made about the wider social and political contribution that the research could make, and these should be made just as explicit.

If sick and disabled people are disadvantaged in their relationship to the labour market then it is *a priori* a positive thing to examine the process by which reversing this becomes and remains (or does not) a public priority. This is not so much about taking sides (Lawson, 1991)– about championing the cause of incapacity benefit claimants as underdogs against the government and setting out to produce explicitly emancipatory knowledge (Oliver, 1997)– but about more clearly describing how policy has developed. In the event that I find that inequities have developed, such a description may be useful for those seeking a more equitable settlement.

This very issue arose during the research and it is an interesting dilemma to discuss briefly. As my findings and framework began to coalesce, I became aware that the idea that governments should be judged on how well they provide work-focused employment support would be controversial in some parts of the disability and welfare rights movements. The framework could be read as arguing for good quality activation as a justification for the application of conditionality to incapacity benefits. There is a strand of thought in critical disability studies, for example, that it is not acceptable to encourage claimants into what is still a disabling labour market and that non-wage work ('illness work' – receiving physiotherapy and organising medication; every day work such as household tasks and biographical work – activities undertaken by disabled people 'in order to incorporate impairment into their every day lives' – Barnes & Roulstone, 2005, p.323,cited in Grover & Piggott, 2015,p.248) should be valued at least as high as wage-work:

> Even if only a minority of disabled people do not countenance wage work as being a good, it should not be privileged over non-work-based notions of the good. The implication in employment terms is that if disabled people are to have a choice, that choice must involve not being pressurised, as is currently the case, into preparing and competing for wage work.
> **Grover & Piggott (2015), p.250-1**

This was never the intention of the framework. The response to this kind of potential criticism is that the research does not take a moral, political or ethical stance on the rights and wrongs of activating sick and disabled claimants, and that it is social-scientific exercise in trying to establish a way of thinking about and measuring how well activation for this group is established. It doesn't make

value judgements about governments' aims – whether it is wrong to expect sick and disabled claimants to seek work – but instead assesses them on their own terms: chiefly whether the activation support they claim to offer is adequately provided and secured. Regarding the type of work policy is seeking to get claimants to take, the framework assumes that this is important not because a diversity of different types of work is not preferable to paid work per se, but because it is likely to have an influence on how wide a claimant group can be helped and the success of incentive structures. An activation regime which recognises a range of outcomes – supported and sheltered employment and a mix of employment and other activity, and movements towards employment – is likely to encounter fewer problems with ensuring a wide spread of support than a system which his geared chiefly towards any type of employment regardless of appropriateness.

Whilst that is my defence as a researcher and one that I feel is adequate for research purposes; as a left-leaning ordinary citizen entitled to hold my own political views I found it troubling that work with my name on it could be viewed as justifying benefit sanctions. I struggled with this for some time, but the way I resolved this was by reminding myself of the earlier point about the use and re-use of research. I can protest against any such interpretation all I like, but once the research is put into the public domain – and especially considering that the research was funded by public money – anyone else is free to interpret and use it, even if that is in a way that I did not foresee or intend.

Chapter 6 Institutional and policy context

The process of institutionalisation examined in the next three chapters takes place against the background of – and is shaped partly by – the pre-existing institutional and policy landscape. In the interests of readability, this chapter describes the institutional and social security policy context for ALMP for sick and disabled benefit claimants in the two countries.

6.1 The Organisation of ALMP in Denmark

The Danish policy story told is this chapter starts at the same time as a major re-organisation of local government and its relationship with central government (known as the *Strukturreformen* or *Kommunalreformen*) and so this section provides an overview of the organisation of ALMP from 2007 onwards and a brief review of how it is been dealt with by the academic literature. The reforms made municipalities larger but much smaller in number, abolished the counties – until that point the middle tier of government – and created what is argued by most observers to be more target-focused and centrally-directed ALMP system (Carstensen & Pedersen, 2008).

6.1.1. National level

At the national level, the Ministry of Employment (*Beskæftigelsesministeriet*) has ultimate responsibility for employment policy. For the period of interest, the National Labour Market Authority (Arbejdsmarkedsstyrelsen [AMS])[16] on behalf of the minister directed the implementation of legislation, coordinated regional and local employment efforts and developed new tools and methods that support employment policy, as well as trialling new interventions in partnership with selected pilot municipalities (Danish Labour Market Authority, 2012). The Minister for Employment sets three to four yearly targets. These may be process or outcome-oriented and relate to benefits or

16 In 2014, AMS was abolished and replaced by the Labour Market and Recruitment Agency (*Styrelsen for Arbejdsmarked og Rekruttering* [STAR])

activation and are written into contracts between the Minister and sub-national units of AMS and the municipalities. AMS/STAR also administer the refunding of the municipalities for costs incurred paying benefits and providing labour market programmes. The Minister is advised by the National Employment Council (*Beskæftigelsesrådet* [BER]) formed of stakeholders, including Danish Disabled People's' Organisations (*Danske Handicaporganisationer*), the body representing Danish DPOs. There are various specialist bodies set up and funded but not controlled by the Ministry of Employment that work to generate and disperse specialist knowledge on disability; health and employment to all levels, but particularly the municipalities. The Prevention Fund provides [*Fonden for Forebyggelse og Fastholdelse*] funding for projects aimed at preventing health-related exits from employment and promoting return to employment. These are discussed in more detail in 7.1. Chart 6/1 summarises the organisations involved in ALMP at the national; regional and local levels, and the relationship between them.

6.1.2. Regional level

The structural reform process abolished the 15 counties – the middle tier of government – and replaced them with five much larger regions, in the case of ALMP playing both an assistance and supervisory/follow-up role through their corresponding Regional Employment Authority (*Beskæftigelsesregion* [BR]) in five regions, one each for the Danish capital region (Copenhagen and surrounding areas), North, South and Central Denmark, and Zealand. They provide municipalities with labour market analysis and knowledge of best practice to help them set their local targets, ensures local targets aligned with the Minister's national ones and challenge them on their ambition in setting them, and subsequently monitor their performance in meeting these. All this takes place in a legally-enshrined year-round 'dialogue process' between the RBRs and the municipalities (Mploy, 2009). It is advised by the Regional Employment Council (*Regionalt Beskæftigelsesråd* [RBR]), a body formed of the same social partners as BER. This represents a weakening of their position compared to the predecessor Regional Labour Market Councils, in which they had decision-making power (Lindsay & McQuaid, 2009) and appears to part of a trend of the marginalisation of social actors from decision-making processes (Weishaupt, 2011)

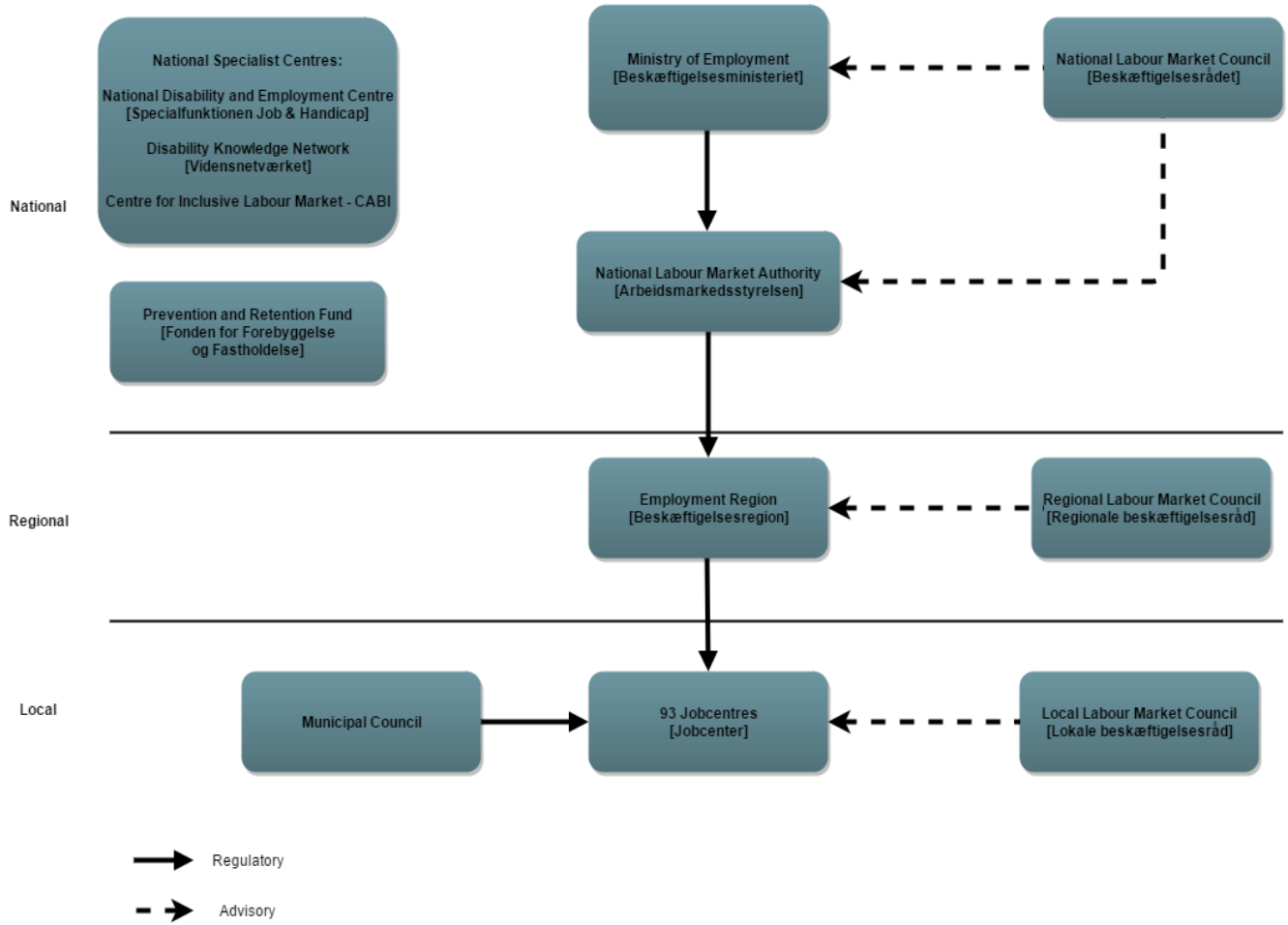


Chart 6/1 Organisations involved in ALMP for sick and disabled claimants in Denmark, and the relationships between them

6.1.3 Municipal level

Until 2007 there had been separate local offices providing activation and benefits for the uninsured and the insured unemployed – the responsibility of local and central government, respectively. The reform merged these into 77 Jobcentres [*Jobcenters*] run jointly, with a further 14 pilot Jobcentres run entirely by the municipality. The municipalities themselves were merged from over 200 to 97, on the grounds that they were too small to cope with the increased demands that were being placed on them in terms of the scope and reach of activation (Carstensen & Pedersen, 2008). In 2009, the pilot model was extended to all 91 Jobcenters. There had for some time been dissatisfaction with the divide between different types of claimants and the variation in the quality of the services they were offered (Jorgensen, Norup, & Baadsgaard, 2010), and there was the related concern that insured claimants were not having their social (as opposed to work-related) problems addressed whereas uninsured claimants were being treated mainly as social cases and not potential employees (ibid). The divide between insured and uninsured claimants in terms of activation was argued to be largely illusory (ibid) and one that caused employment service workers underestimate the support that insured claimants needed and overestimate (or entirely ignore) the needs of groups considered further from the labour market. Unified Jobcenters were seen as a way to overcome this divide, with benefit administration moved out to separate benefits offices[17], on the grounds that Jobcenters should only focus on getting claimants back into employment. In relation to sick and disabled claimants specifically, it was hoped that by creating an employment-focused gateway that they had to go through to register a disability pension claim, it would be easier to engage claimants in back-to-work support. A further motivation for removing responsibility for the PES and its insured claimants and passing them over to the municipalities is that the PES had hitherto been a source of embarrassment for central government (Brodkin & Larsen, 2011) and so devolution to municipalities was a way of depoliticising ALMP and isolating ministers from blame.

Local authorities have a significant amount of autonomy with regard the types of support offered – they can combine standard activation offers like training and job subsidies with other services delivered locally, such as social services; what their

17 Except for Disability Pension and Housing Benefit, which are administered by Payments Denmark (*Udbetaling Danmark*), an agency run by an arm of ATP, a pension fund.

priority targets and target groups are; their activation budgets, which are set by the municipal council in accordance with its other areas of responsibility; how support is delivered – whether in-house or contracted-out, and the extent to which they work in concert with other municipalities. Their aims and approaches to realising them are laid out in the Local Employment Plan, produced by the municipality but advised by the BR and the Local Employment Council (*Lokale Beskæftigelsesråd* [LBR]), a board of stakeholders similar to those at the regional and national levels. LBRs, whilst mainly advisory, are provided with a yearly fund to promote labour market inclusivity and can choose to spend this through the municipality, or independently. Municipalities have traditionally been hostile to labour market parties – employer organisations and trade unions – and so municipalisation was seen as a way of marginalising them so as to shift policy from a core labour strategy – their preference – to a broader strategy of increasing the number of work-ready unemployed (ibid).

Whilst local autonomy with regard ALMP is extensive, municipalities do have to work within a national framework that central government has appeared increasingly determined to impose, and indeed increasing central control was one of the aims of the reform. Central government certainly now has a much wider range of tools to steer municipalities than they once did. The Ministry of Employment can monitor Jobcenters across on a wide range of measures – with particular emphasis on the concordance of local employment plans with the yearly national employment targets. It can sanction and 'name and shame' poorly performing Jobcenters, and directly intervene in the most serious cases (Mploy, 2011)

The 2007 reforms also introduced a new set of centrally-designed standardised tools that municipalities are obliged to use. All municipalities must also classify their claimants according to three (previously five) centrally-defined groups, with each one laying down minimum standards in terms of service provision, depending on the claimants degree of 'match' with the needs of the local labour market (ibid). Thus, what we see since 2007 is a system where decision-making has been centralised but implementation localised, one in which social partners have much less formal opportunity to influence policy than previously was the case, and one run along increasingly according to centrally-defined targets and using standardised tools .

Whilst the later sections of this chapter deal with the impact of the organisation of ALMP on the institutionalisation of activation for sick and disabled

people, it is worth looking at the evidence tells us about the impact these changes have had on ALMP generally, this being a major theme of recent Danish ALMP research. Bredgaard & Larsen (2008) argue that there is a clear link between the changes in the organisation of ALMP and the noticeable shift towards a work-first orientation in municipal Jobcenters, a trend they detected in the changes between two nationwide surveys of Jobcenter managers in 2001 and 2007. Managers focused more on labour market than individual needs, there was greater standardisation in methods and the offers made to claimants and a move away from gradual improvement of employability towards the quickest route to employment. Jorgensen, Norup, & Baadsgaard (2010), looking at Jobcenter practices before and after the reforms in four municipalities, argue that the imposition of new standardised tools has led to deprofessionalisation in labour market policy and this leads to claimants' problems as being seen by Jobcenter staff as questions of behavioural management, and not as complex and overlapping employment barriers. Along with the new emphasis on work-centric targets, they argue "a new policy has been institutionalised, often in ways not openly discussed and politically decided on, but brought about by changing the organisation and implementation structures."(p.9) The noticeable decrease in re-training, rehabilitation and other more resource and time-intensive activation measures since 2007 are attributed by them in part to the increased number of and focus on employment outcome targets brought in by the structural reform.

6.2 Non-employment benefits for sick and disabled people in Denmark

6.2.1 Sickness Benefit

All wage-earners and the self-employed are eligible for Sickness Benefit (*Sygedagpenge* [SB]). There is no nationally-mandated sick test, though for a claim of five weeks or more (the point at which the financing transfers from the employer to the municipality), most municipalities will require the claimant to document their illness and the claimant must have worked for 26 weeks prior to becoming ill and for

no fewer than 240 hours in that period)[18][19]. The value is calculated according to their salary and hours, up to a maximum of DKK 4,074[20]per week. For the first 15 days the benefit is paid by the employer and by the state thereafter. Central government meets the cost for the first four weeks after that, the municipal and central government share the cost from then until the 52nd week. The cost from the end of the first year onwards is borne entirely by the municipality.

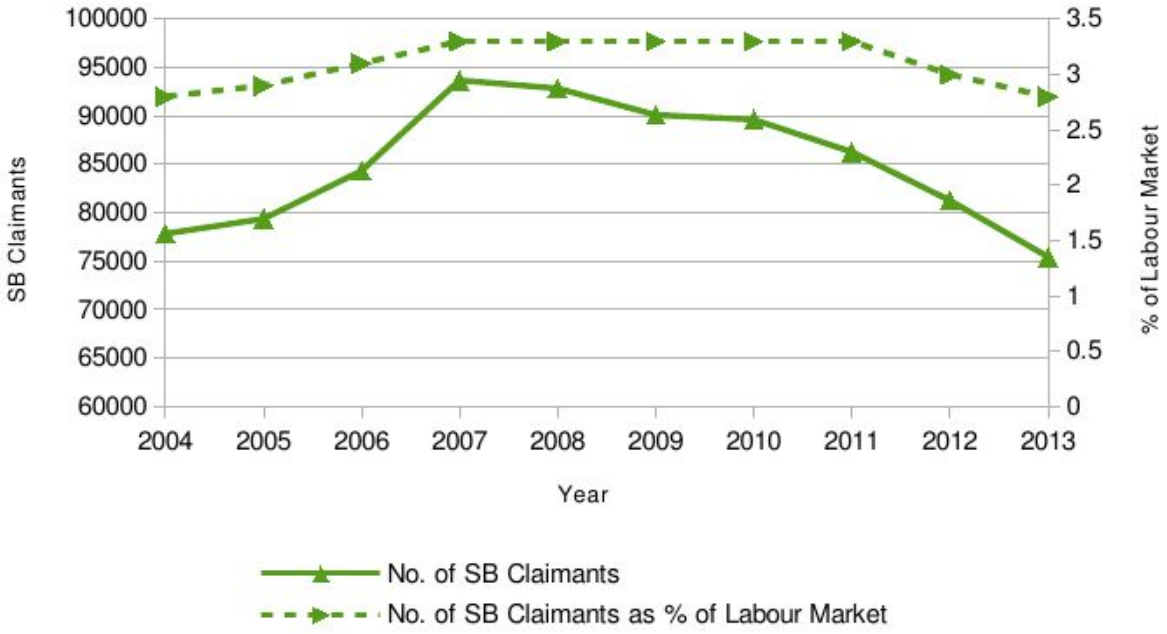
The overall number of claimants and their cost was a major policy concern at the beginning of the period of interest. It was high in both absolute number of claimants[21] and as a percentage of the labour force (see Graph 6/1) and in total cost (see Graph 6/2). Successive reforms tightened eligibility and increased the requirements on municipalities to follow-up claims sooner after the original claim and more frequently thereafter, with a major reform taking effect in 2014 (see 7.2.1).

18 2014/15 rules: https://www.borger.dk/Sider/Sygedagpenge-hvis-du-er-loenmodtager.aspx (Accessed 3/3/15)

19 These requirements have been stepped up significantly over the period in question. The 2007 requirements were 13 weeks and 120 hours.

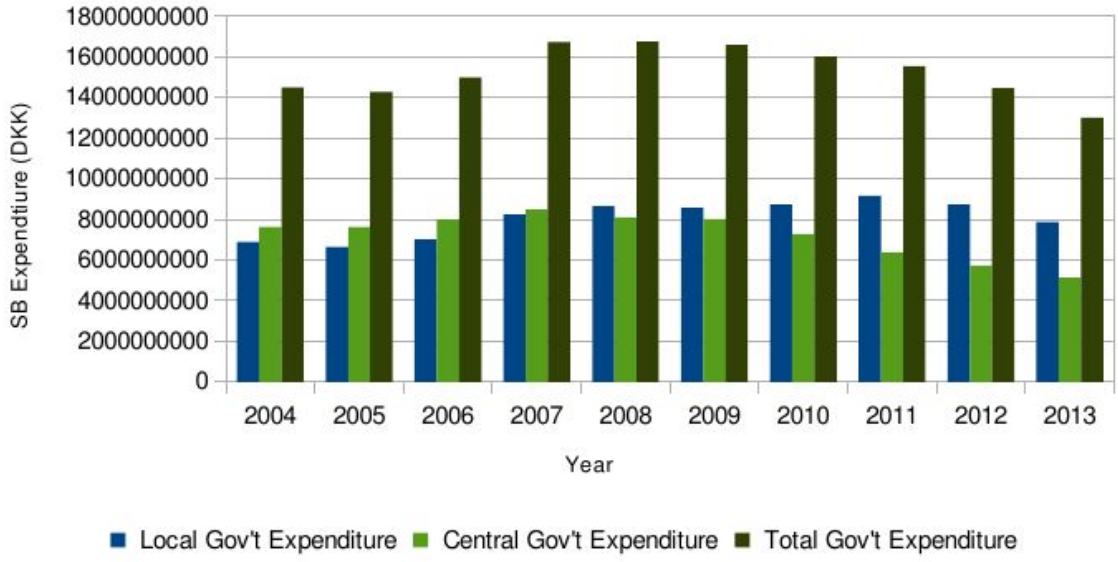
20 Monetary values are given in the respective currency, but a rough conversion can be made by deleting the last digit when converting from DKK to £ and adding one for a £ to DKK conversion. In this case, therefore, DKK 4074 is approximately £400

21 Claims are recorded in three ways: individual claims; individual claimants (some claimants will have more than one claim in a year) and full-time claimants. For the latter, each claimant is adjusted to represent the time spent on benefit and so, for example, a claimant spending 26 weeks on benefit will count as 0.5. The second two are used in this study.



Graph 6/1: Sickness Benefit claims 2004-2013: total number of claimants and full-time claimants as % of labour force (16-66 years)

Source: Jobindsats database. *Antal personer, gnsn. varighed og fuldtidspersoner* option of the *Sygedagpenge* data set http://www.jobindsats.dk/sw173.asp



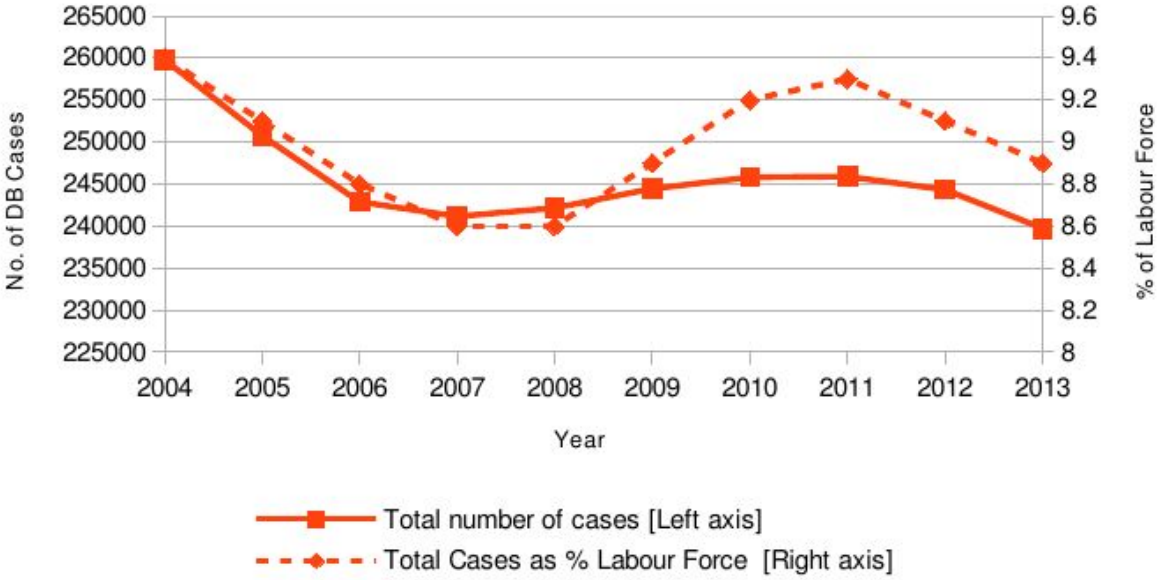
Graph 6/2: Sickness Benefit expenditure 2004-2013 (DKK constant prices): total government and local and central government

Source: Ibid. *Forsørgelsesudgifte*r option of the data set Sygedagpenge data set; http://www.jobindsats.dk/sw173.asp

6.2.2 Disability Pension

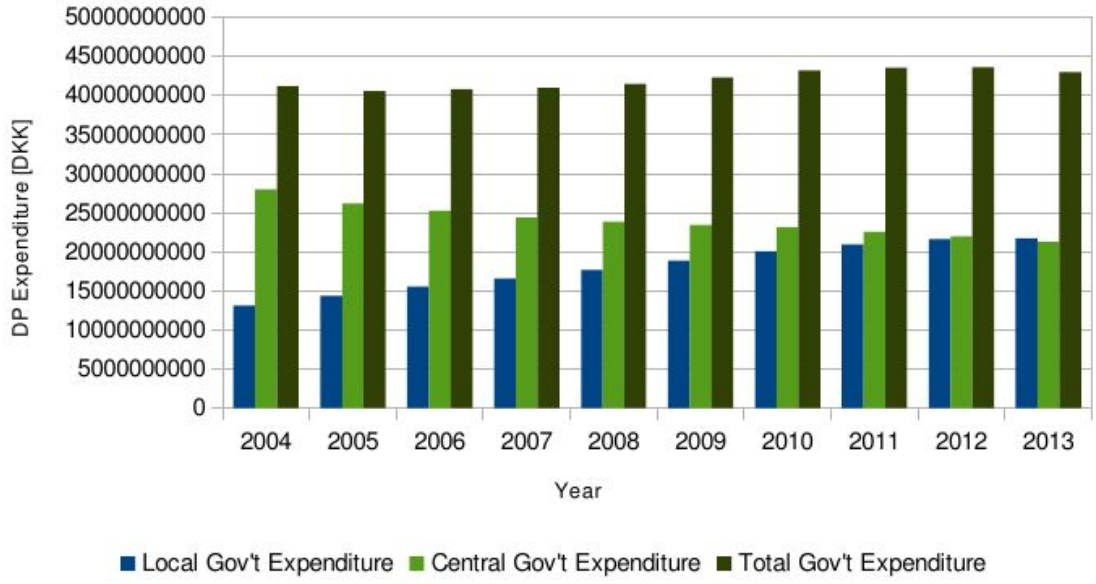
Disability Pension (*Førtidspension* [DP]) is the other main benefit paid to people with reduce work-capacity due to sickness or disability. It is a taxable flat-rate benefit (prior to 2002 there were several levels reflecting varied levels of reduced capacity) paid at a monthly rate of DKK 17,660 for a single person[22]. Until 2013, it was not time-limited and the claimant could continue claim until 65, at which point they apply for old-age pension. Holders of a pension wishing to return to work can have their payments put on hold – rather than surrendering the benefit entirely – so they do not have to reapply should it prove unsuccessful. On average, disability pensioners claim for just under one year – 50 weeks in 2013 (Jobinsats database). Given the generous rate and long average claim period, a disability pension is only the very last option once all other options have been considered. The claimant and the municipality must demonstrate that the claimant cannot be supported in any other way. Supported employment or subsidised employment through the Flexjob (*Fleksjob* [FJ]) scheme (see 7.2) are frequently offered as alternatives and only when these are not considered viable is a pension granted. Despite this, a number of reforms in the 1990s and early 2000s and good labour market conditions until 2008, the DP caseload has remained high, with only relatively modest decreases in recent years (see Graph 6/3, below). Even with these, disability pensioners account for around 9% of those of working age and it costs around DKK 42 bn yearly (see Graph 6/4, below). The cost has been of particular concern to the government considering that a significant part of its strategy with Flex Jobs and other measures was to reduce the total DP population (Danish Government, 2012) By 2011, there were ~27,000 more claimants than was intended by those who introduced the 2002 reforms and despite an additional ~50,000 subsidised employment places being funded over the period (ibid).

22 2013 rules: https://www.borger.dk/Sider/Foertidspension-nye-regler.aspx (Accessed 1/6/2014)



Graph 6/3: Disability Pension claims 2004-2013: total number of claimants and full-time claimants as % of labour force (16-66 years)

Source: Ibid *Antal personer, gnsn. varighed og fuldtidspersoner* option of the *Førtidspension* data set http://www.jobindsats.dk/sw177.asp



Graph 6/4: Disability Pension expenditure (DKK, constant prices) by benefit and per person in labour force (16-66 years)

Source: Ibid Forsørgelsesudgifter option of the *Førtidspension* data set
http://www.jobindsats.dk/sw177.asp

The changing nature of the caseload has in particular been of concern to successive governments: by 2012, one in four new claimants were below 40 years old and the average age of claimants decreased by three years, raising the prospect of government having to support a large group of claimants on a permanent benefit for many decades (ibid). Further, reduced capacity due to mental health difficulties was the chief reason for 51% of DP cases in 2010 (up from 32% in 2001) and for 82% of claimants aged 20-29, seven in ten of new claims are for reasons of mental health (ibid). The new centre-left government introduced a reform in 2012 (taking effect in 2013), in most cases ending eligibility for anybody under 40. Potential disability pensioners under this age must instead undertake a compulsory activation scheme which attracts a benefit equal to their previous benefit (commonly Social Assistance) (ibid).

6.2.3 Flex Benefit

The other major sickness/disability benefit is Flex Benefit, paid to those eligible but unable to obtain a Flexjob, or those who have been dismissed from or had to leave a Flexjob. As demand for FJs has greatly outstripped supply, Flex Benefit rolls have increased substantially. Aside from these three benefits, sick and disabled claimants can claim general benefit – Unemployment Insurance (*A-Dagpenge* [UI] or Social Assistance (*Kontanthjælp* [SA]) – uemployed people taking part in rehabilitative measures can claim a Rehabilitation Allowance (*Revalideringsydelse*) at DKK 17,663 per month for a single person, or half that if the claimant is younger than 25[23].

23 2014/15 rules.: www.borger.dk/Sider/Revalidering.aspx (Accessed 30/90/15)

6.3.4 Claimant caseload profile

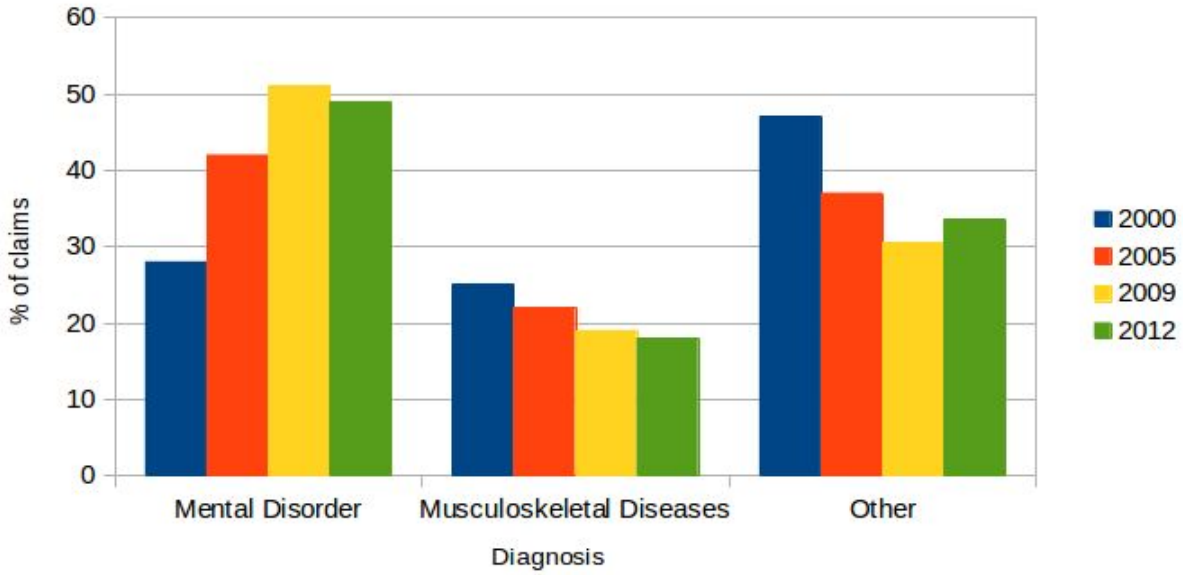
As employment service interventions should be based on the disability or health condition the claimant has, as well as the length of their claim – a proxy for a range of other characteristics of the claimant, including the relevance of their skills to the labour market and their overall 'distance' from the labour market, which is assumed to lengthen with time – it is worth establishing the profile of the claimant caseload. In terms of the reason for a DP claim[24], mental or behavioural disorder is by the far the largest, followed by disease of the musculoskeletal system. (See Graph 6/5). This is part of a long-term trend, with significantly more people suffering from mental or behavioural disorders[25] claiming DP according to the most recent figures, compared to 2000, the earliest year for which figures are available.

Data on the total length of claims is not recorded, though it is possible to put together a rougher image of the length of claims by looking at two adjacent sources of data. Data on the average length of claim within any given year is available and shows the average length of a claim is around 50 weeks for DP[26]. Thus, we can assume that the majority of claimants claim for more at least 1 year and very likely more.

24 Breakdowns of the other benefits by diagnosis are not available

25 'Disorder' is a loaded term which I prefer not to use, but it is the phrase used in both the British and Danish (as
Lidelse) and so is used to avoid confusion.

26 Jobindsats database. *Antal forløb fordelt på varighed* option on the *Førtidspension* data set http://www.jobindsats.dk/sw177.asp



Graph 6/5 Disability Pension claims (% of total), by diagnosis, 2000, 2004, 2009 and 2012[27]

Source: **Danish National Social Appeals Board (2006, 2010, 2013)**

27 Reasons for claiming representing less than 10% of the total are grouped as Other. They include Cardiovascular conditions, Respiratory diseases, birth defects, and external causes (accidents)

6.3 The organisation of ALMP in the UK

As with many areas of UK public policy, ALMP and social security is organised nationally to an extent that sets it apart from other comparable countries. A single UK[28] government department, the Department for Work and Pensions (DWP), is responsible for social security and active labour market policy, replacing separate ministries for each in 2001. DWP ministers are responsible for setting benefit rules and rates; providing employment programmes and determining claimant eligibility for them.

There is no national advisory body on employment and disability/health, though the government does commission frequent reviews to inform policy – the Black; Black and Frost and Sayce, most notably (Black, 2008; Black & Frost, 2011; Sayce, 2011). The Office for Disability Issues (ODI) is based in the DWP but offers advice to ministers and officials across government on a range of disability-related issues.

Jobcentre Plus (JCP) is both the UK's PES and social security agency, replacing separate organisations for each function in 2002. JCP and its predecessor were arms-length 'next-steps' executive agencies operating on behalf of but managerially and budgetarily separate from DWP, but in 2011 JCP was brought under the direct control of the DWP, with Jobcentre Plus remaining as a brand only. DWP operates around 800 local Jobcentres, organised into 39 districts and 7 regions. JCP offices are the first point of contact for claimants applying for benefits and seeking employment-related support. Benefit claims are not any more routinely handled by local offices, with claimants instead applying online or by telephone to Customer Contact Centres (CCC), which record the claimant's details and then pass them onto a Benefit Assessment Centre (BAC) to be assessed (Citizens Advice Bureau, 2007). Whilst local JCP offices and districts may choose to work in partnership with local government, local authorities play no major, formalised role in either sickness and disability benefits administration of active labour market policy, again making the UK an outlier in the European context.

28 Social security and Active Labour Market Policy are devolved to Northern Ireland (not part of this research) but at the time of the research not to Wales or Scotland

The past 15 years has seen a gradual movement towards employment services being provided by external contractors, rather than in-house by JCP. JCP offices and their Personal Advisers (PAs) provide non-contracted employment support initially and then refer claimants to contracted programmes at a given point in the claim, and so are the primary provider of support to sick and disabled benefit claimants of working-age until they are registered with a Work Choice or Work Programme provider, the two programmes which provide most employment support beyond JCP.

As in Denmark, there appears to be a process of highly managed decentralisation, with flexibility for sub-national units of the PES, but in exchange for a more rigorous and more outcomes-focused management regime. Though the UK has a prior history of social partnership in ALMP in the form of the Manpower Services Commission (Clasen, 2012), social partners for quite some time have not had a formal role in the design and delivery of social security or ALMP at either the national and local level. The DWP does regularly consult a range of stakeholders on reforms (though is frequently criticised for the design of such consultations and how ministers respond to them, see, for example, (Crossley & Veit-Wilson, 2013) but social partners are not systematically represented on formal consultative boards, as in Denmark and other European countries. There have been a succession of non-governmental advisory bodies in recent years, and these are discussed in 8.1. Chart 6/2, below, lays out the national and local organisations involved in ALMP and social security for sick and disabled benefit claimants in the UK.

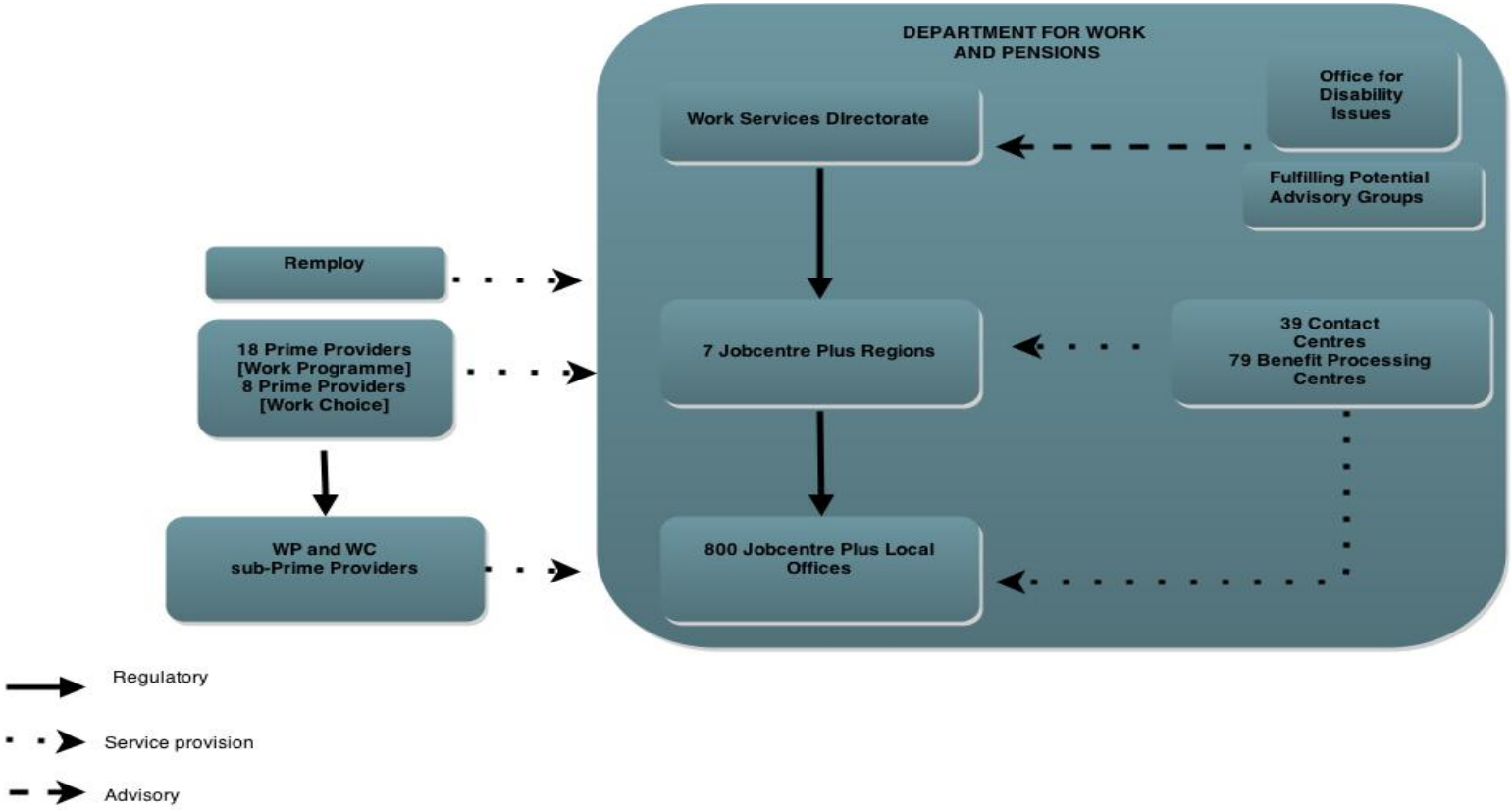


Chart 6/2 Organisations involved in ALMP for sick and disabled claimants in the UK, and the relationships between them

6.4 Non-employment benefits for sick and disabled people in the UK

Unlike Denmark, the UK does not have a publicly-financed sickness benefit. Rather, sickness absence is compensated by Statutory Sick Pay (SSP) for 28 weeks, at which point the claimant can then claim benefit on the grounds of sickness or disability. The period of interest coincided with the introduction in 2008 of a single sickness and disability benefit with two different rates and conditionality regimes, based on an assessed level of capacity for work. This consolidated several individual predecessor benefits.

6.4.1 Pre-2008 benefits

Until 2008, people unable to work for longer than 28 weeks due to ill health or disability could claim one of several benefits for the duration of their incapacity. Claimants under the pension age, with the requisite National Insurance (NI) contributions and demonstrating a reduced level of capacity through a medical test could claim Incapacity Benefit (IB). IB paid a basic short-term rate until 28 weeks (£74.80 standard rate), a higher short-term rate from 29 to 52 weeks (£88.55) and a long-term rate from the end of the first year onwards (£99.15)[29]. Those without sufficient NI contributions could claim Income Support (IS-D) – a general benefit paid to people in or out of work on low incomes – on the grounds of disability, or Severe Disablement Allowance (SDA), abolished in 2001 but is still paid to continuing claimants. IB; IS-D and SDA are often taken together as Incapacity Benefits (IBs) and this is also the case for this research, unless otherwise indicated.

Claims for Invalidity Benefit, the main benefit for unemployed people with reduced working capacity until 1995, when it was replaced with IB, increased steeply over the 1980s and 1990s, a result of governments of the time pursuing an informal policy of labour shedding, whereby unemployed people – particularly older industrial workers losing jobs as a result of the decline of heavy industries – were encouraged to claim for IVB, thus removing them from the unemployment figures (Prideaux &

29 All rates are for 2012/13: http://www.rightsnet.org.uk/pdfs/benefit_rates_poster_2012_2013.pdf (Accessed 9/9/15). All rates for all UK benefits are for 2012/13 and were taken from this source, unless otherwise stated.

Roulstone, 2012). As a result, IVB/IB has had a strongly regional character, with West Scotland, South Wales and the North of England having the highest proportion of claimants (Beatty & Fothergill, 2005). This has given rise to the government, media and often public perception that a significant proportion of the IBs caseload is 'hidden' unemployment, rather than genuine incapacity. Claimant numbers did not reduce by as much as government hoped given the strong decade of growth from the mid-late 1990s onwards, giving rise to concerns that the labour market was being starved and there would be inflationary wage increases (Grover & Piggott, 2005). New claimants of IB were required to attend a Compulsory Work-Focused Interview (WFI) from 2000 onwards (Kirby & Riley, 2004) a model which informed later attempts to engage IB claimants in work-focused support. A number of trials over the next few years; the apparent success of the voluntary New Deal for Disabled People and the continued high claim rate led to the abolition of IB and replacement with a new benefit, Employment and Support Allowance (ESA) in 2008[30].

6.4.2 Post-2008: Employment and Support Allowance

People out of work for reasons of sickness or disability have since 2008 been eligible for ESA instead of IBs, which were closed to new claimants but still had active claimants until 2014, when the transition between the two was completed. ESA has two separate categories depending on the claimant's level of capacity reduction. ESA Support (ESA-S) is unconditional and paid at the higher rate of £105.05,whilst a claimant considered able to work with assistance claim ESA-Work Related Activity (ESA-W) at the lower rate of £99.15 and are expected in return to attend CWFIs and enroll on employment support programmes. Claimants are granted ESA at an introductory basic weekly rate of £71.00 for 13 weeks whilst they are being assessed for the level of their working capacity. The Work Capability Assessment (WCA) is used for this purpose. The claimant is first assessed for whether they have sufficiently reduced capacity to continue to claim ESA through the Limited Capacity for Work test (LCWT), which scores the claimant on their difficulty in performing everyday tasks relating to mobility; cognition; communication and social engagement (see Chart 6/3, below). A score of 15 points indicates that the claimant has reduced capacity such that

30 Claimants could continue their claim until migrated to ESA.

they cannot immediately be expected to work, and in that case the claimant is granted ESA. A lower score means that the claimant cannot claim ESA but can be granted another benefit, JSA most commonly. Claimants assessed as being eligible for ESA are then subjected to the Limited Capacity for Work-Related activity test to assess whether or not they can be asked to take steps towards work. This asks a similar set of questions and claimants scoring 15 points or higher are granted ESA-S. Claimants scoring lower claim ESA-W. Claimants at any stage of the process and ESA-W claimants not attending CWFIs or otherwise deemed to be non-cooperative can have their benefit reduced to the level of JSA, though they cannot be sanctioned for refusing a job or job interview.

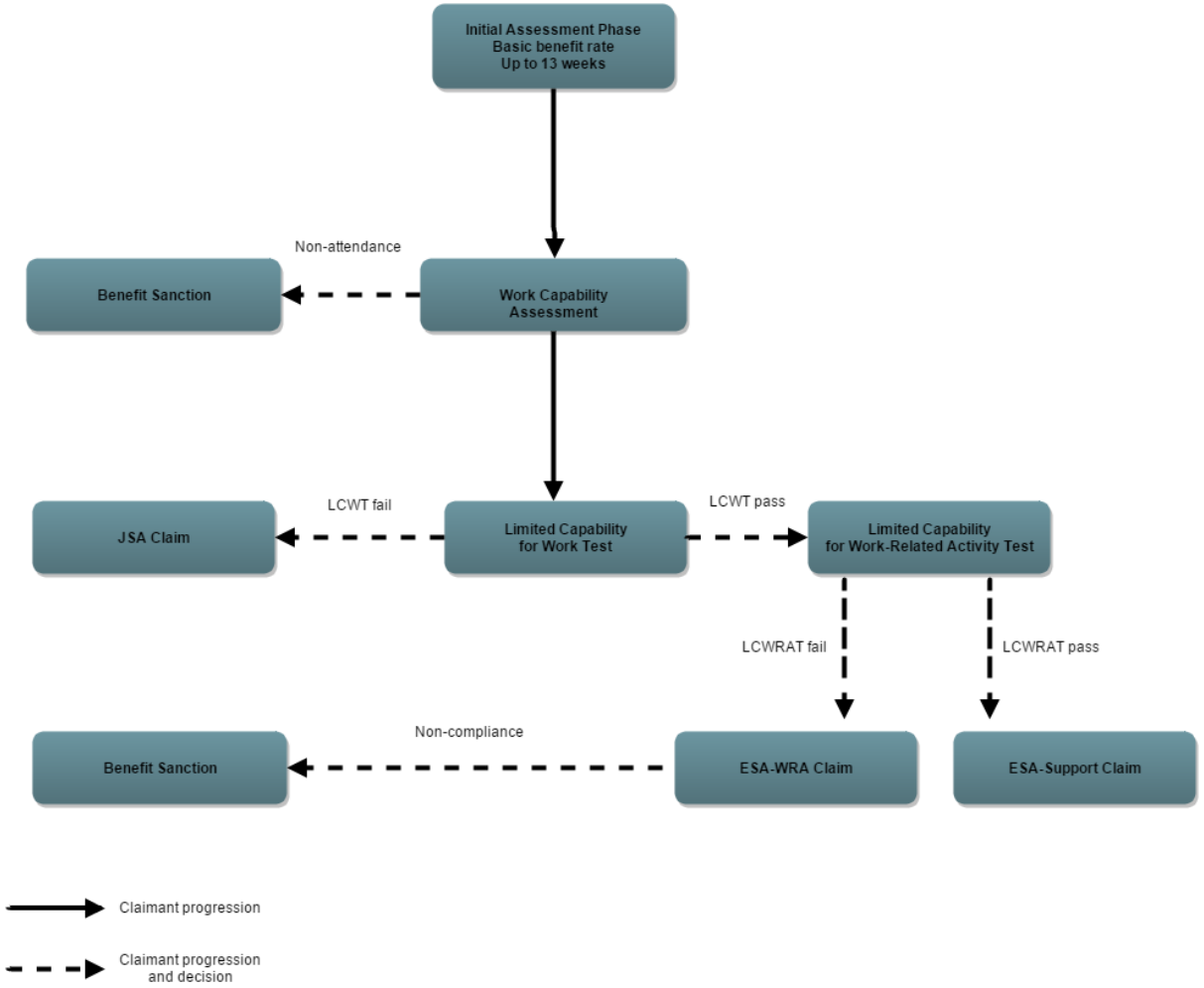


Chart 6/3 ESA claimant journey

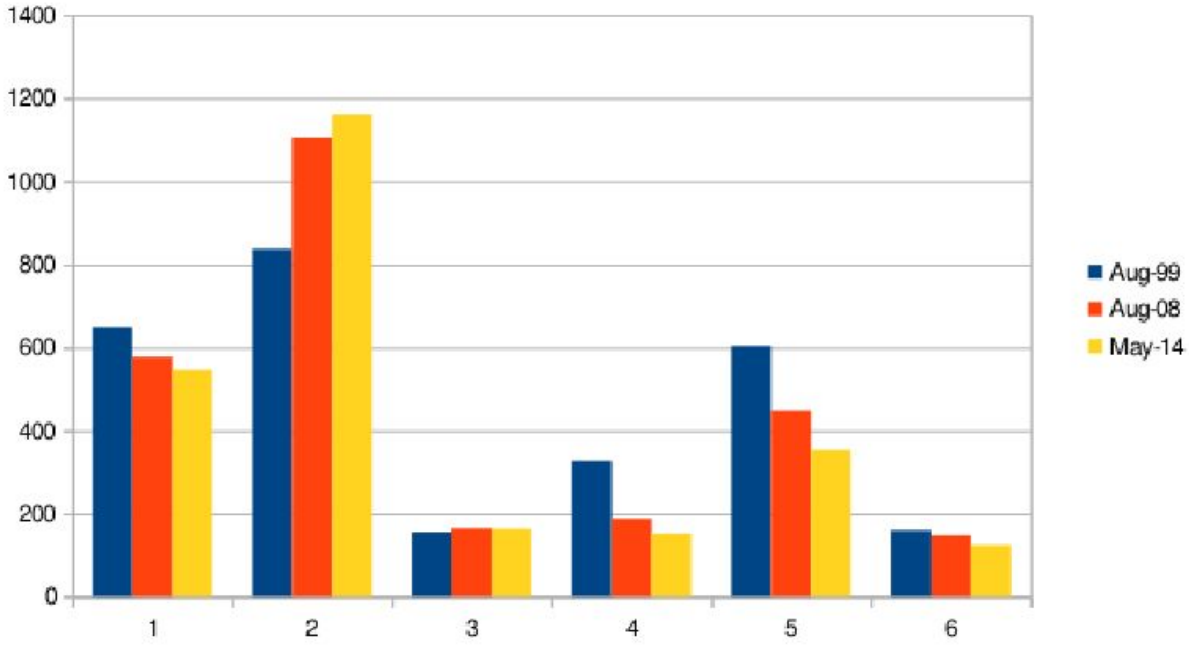
Source: Adapted from (Grover & Piggott, 2010)

The WCA has been a source of considerable controversy, attracting criticism for its poor design – in particular its insensitivity to fluctuating conditions and mental health conditions; inadequate administration by ATOS Origin – until 2014 the company contracted to operate the test, the high rate (40%) of successful appeals and the associated cost, and its assessment as being fit for work people with serious and even terminal conditions (Gulland, 2011). From 2012 onwards, fewer claimants were found fit for work and more were placed in the Support Group, likely a result of changes to the design and implementation of the test as a result of a series of yearly reviews into the WCA from 2010 (Harrington, 2010, 2011, 2012; Litchfield, 2013) and the re-assessment process getting further into the pool of IB claimants, reaching at that point claimants who had claimed IB for longer periods.

6.4.2 Claimant caseload profile

As for the Danish benefits, it is possible to use existing data to get a broad overview of the nature of the caseload. In terms of the reason for an IB/SDA/ESA claim, mental or behavioural disorder is by the far the largest, followed by disease of the musculoskeletal system and connective tissue (See Graph 6/7). This is part of a long-term trend, with significantly more people suffering from mental or behavioural disorders claiming IB/ESA according to the most recent figures, compared to 1999, the earliest year for which figures are available. With respect to the length of claim, the time claimants spent on IB was one of the major motivations for attempts to reform it, and indeed, at the switchover to ESA in October 2008, a majority of claimants had been claiming for five years or more[31] (see Graph 6/8).

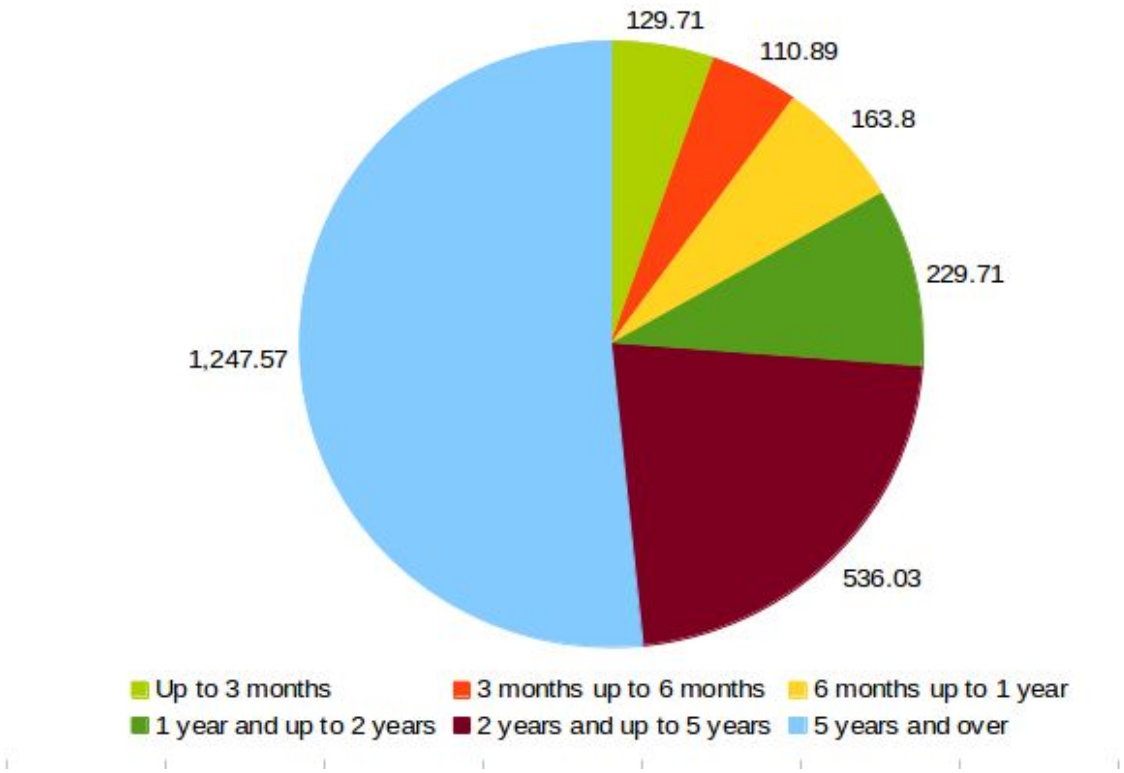
31 Tracking changes in the caseload over time in terms of time spent on benefit is not possible after October 2008. DWP does not record claimants' cumulative time spent out of work over more than one benefit, so the migration of claimants from IB to ESA effectively 'resets the clock'.



Graph 6/7 IB/SDA/ESA claims (000s), by International Classification of Diseases (ICD) code diagnosis, August 1999, August 2008 and May 2014

Source: DWP Tabulation Tool, Incapacity Benefit/SDA combined data, and ESA data. http://tabulation-tool.dwp.gov.uk/100pc/ibsda/tabtool_ibsda.html http://tabulation-tool.dwp.gov.uk/100pc/esa/tabtool_esa.html

[Key: 1 – Other, 2 – Mental/Behavioural Disorder, 3 – Diseases of the Nervous System, 4 – Diseases of the Circulatory or Respiratory Systems, 5 – Diseases of the Musculoskeletal system and Connective Tissue, 6 – Injury, Poisoning, other external causes]



Graph 6/8: Length of IB/SDA claims (000s), August 2008

Source: DWP Tabulation Tool, Incapacity Benefit/SDA combined data, http://tabulation_tool.dwp.gov.uk/100pc/ibsda/tabtool_ibsda.html

6.5 Conclusion: changing institutional and programmatic landscapes

This chapter has given an overview of the organisation of ALMP and the structure of the sickness and disability benefits system in the two focus countries. Though historically very different in the organisation of ALMP, they appear to be converging. UK labour market policy has always been centralised, with policy driven through a centrally-controlled PES, but contracted providers are increasingly responsible for activation efforts, and how their behaviour can be aligned with policy intent has increasingly become an issue in recent years. Denmark seems to be making the reverse journey, coming from a tradition of local autonomy in much of its social policy and whilst municipalities are taking on more and more responsibility, central government has developed a large number of tools with which to steer them towards national goals.

The benefits systems are more distinct, most notably the greater number of non-employment sickness and disability benefits in Denmark and the fact that Denmark has a publicly-financed Sickness Benefit whose claimants are subject to activation, whilst the UK does not. However, the challenge of a large and diverse group of a long-term unemployed for reasons of sickness and disability – Disability Pension in Denmark and Incapacity Benefit and then Employment and Support Allowance in the UK – is common to both countries.

Chapter 7 Denmark

7.1 Political commitment to the active work principle for sick and disabled claimants

7.1.1 Nature and scope of the activation agenda

As was explained in the previous chapter, Denmark's pool of claimants out of work for reasons of sickness and disability is a highly diverse group – from newly unemployed claimants on sickness or other entry benefits to claimants of DP, many of whom will have been out of the labour market for a number of years. The barriers to employment can be limited to their health condition or disability or be a mix of specific health/disability-related barriers and more general barriers stemming from spending time out of the labour market, and all of these can vary from minor to severe. The question here is the nature of the stated commitment and to what extent it applies to this full range and diversity of claimants.

The period of interest can be usefully understood as one in which the ambitions in terms of the number and range of claimants increases steadily. As is explained in more detail in section 7.2, Denmark's approach has been historically been preventive – intervening very soon after the claimant applies for Sickness Benefits so that their capacity reduction does not become a permanent barrier to employment. A variety of measures organised fairly rigidly[32] by the severity of the claimant's reduction in capacity are applied in order that claimants can manage their capacity reduction within employment. These range from retraining for a job more compatible with their condition; to several different types of employment subsidy that provide employment opportunities more compatible with reduced capacity. Whilst these extend to very large capacity reductions, they otherwise assume fairly high work-readiness – indeed, some of the programmes are very intensive and demanding – and employability. They do not provide support across the range of complex employment barriers that we know can develop when sick and disabled people are out of the labour market. This is because the benefit grouping containing such claimants – Disability Pension – have not hitherto been seen as legitimate or worthwhile target for

32 Though whether referral practices really reflect this is doubtable (see sections 7.2 and 7.4)

intervention.

However, the disability strategy active in the first few years of the period of interest, Disability and Employment – An Employment Strategy for People with Disabilities [*Handicap & Job – en beskæftigelsesstrategi for personer med handicap*] (Danish Ministry of Employment, 2004), shows the beginnings of a broader approach. It identifies three target categories and their needs similar to those outlined in Chapter 3:

- those already in the labour market who need support to maintain their position or change jobs;
- those 'on the edge of the labour market' [*På kanten af arbejdsmarkedet*], typically claiming unemployment insurance; social assistance or sickness benefit claimants who require specialist support as part of mainstream employment services to help them into employment
- Those 'far from mainstream labour market' [*Langt fra det ordinære arbejdsmarked*] – estimated to be 50,000 claimants of DP who wish to return to employment – for whom the main policy aim is to get them back into the labour market as competitive jobseekers.

The strategy creates three aims – to increase knowledge about employment barriers and solutions amongst employers, social partners, disabled jobseekers and other stakeholders; to improve employer attitudes, and to remove physical and institutional barriers that prevent disabled jobseekers entering the labour market. These are coupled with three specific targets: to increase the employment rate of disabled people by 2000 people a year; to increase the number of workplaces employing a disabled person by 1% a year, and to improve employer and jobseeker's understanding of employment and training opportunities. With an eye to the then forthcoming reform of municipalities, the strategy at this point has a strong institutional aspect, with the new municipal Jobcenters presented as the key actor in helping to generate and direct disabled and sick jobseekers to appropriate support. At this point, though, the detail of this broader agenda is still lacking; the mode of reform appears to be that of fairly incremental change to service delivery and organisation and improvements to capacity rather major structural changes to benefits or programmes, and the targets

are general employment targets, rather than for specific groups of sick and disabled claimants.

The successor strategy in 2009 – Disability and Employment: It is Possible [*Handicap & job - det kan lade sig gøre*] (Danish Government, 2009) continues with a similar set of aims, but with a sharper focus on DP claimants and improving support for those furthest from the labour market, including the additional aim of helping 15% of DP claimants who ask for support to be helped successfully into employment. There is also more attention paid to specific types of disability and health condition and what specific barriers to employment they create.

The third main government strategy in the period of interest – *A Part of the Community* [*En del af fællesskabet*] (Danish Government, 2012) represents the culmination of these moves over the previous eight years. It introduced major changes to the rules around Disability Pension and Flexjobs, meaning that those under 40 wanting to claim DP are now no longer allowed to do so, except in cases of extreme disability. Instead, they are subject to Resource Scheme (RS), an interdisciplinary programme of support, for up to five years. At full extension, it will treat 50,000 people (see Appendix B2) – a very significant and ambitious plan given that very little activation support has hitherto to been available for this group. The support offered and its organisation is looked at in more detail later on in the chapter but the key point here is that *A Part of the Community* signals a major shift in the nature and scope of the agenda, from largely helping people recently having left the labour market to get back into it towards making major inroads into the stock of DP claimants, many of whom have major and complex employment barriers and long histories of non-employment.

7.1.2 Building an institutional framework

An indicator of strong political commitment to the agenda is the extent to which government commits itself to the often costly and laborious process of building the necessary institutional framework, defined here as the launch of relevant programmes, the setting-up of bodies to organise, deliver, research or inform ALMP for sick and disabled people and the building up of specialist capacity in these and existing institutions.

Launching new programmes

In terms of the launch of new programmes, both Flexjobs (established 1998) and Vocational Rehabilitation (1990) existed before the period of interest, but Resource Scheme – discussed in 7.2.3 – is a fairly clear sign of commitment to providing support for the most disadvantaged claimants, despite the political risk given the controversy it has caused. The intervening years, have seen a relatively steady stream of initiatives and smaller programmes aimed at improving employment support. *Disability & Employment: An Employment Strategy for People with Disabilities* [*Handicap & Job - en beskæftigelsesstrategi for personer med handicap*] (Danish Ministry of Employment, 2004) provided DKK 80m for 12 projects including a new method of training Jobcenter staff to deal with people with disabilities; trials for new sheltered employment schemes that are more like ordinary workplaces, and a new internet job portal for people with disabilities. The second part of the strategy in 2006 funded 43 projects – 10 general ones and the rest focused on specific disabilities included those for the deaf and blind, people with learning difficulties and those with dyslexia (Bengtsson, 2008). Similar platforms were launched also in 2008 – DKK 171m for 39 projects run by social partners to reduce the length of sickness absence – and two in 2009 (ibid). Even officials at the National Council of Disabled People's Organisations, which is generally critical of government policy on disability and employment, did argue in interviews that these had been part of a fairly clear and consistent – across two changes of government – strategy to re-integrate disabled people into the labour market:

> [Before 2000] you had some small projects, but it was tokenism – 'we are doing something for the cripples' so it has always been something that has been politically quite easy to get done. You did [then] not have any real approach to get persons with disabilities into the labour market. But for the last 15 years I think we have had a lot more strategic initiatives aiming to do that. We have had national action programmes with specific targets, a whole number of smaller projects, surveys looking at the development of unemployment/employment of people with disabilities, and so on.
> **Interview, DPO Representative, September 2012**

Setting up new institutions and Building specialist capacity

With the government structural reforms in 2007 came a number of new bodies aimed

at supporting the government's strategy to improve employment outcomes for the sick and disabled non-employed. The Specialist Centre for Employment and Disability (*Specialfunktionen Job & Handicap*) was established in order to provide a national resource centre for individual Jobenters to draw upon, with the Centre For Active Employment (CABI) playing a similar role, acting as an independent national centre for research and expertise on labour market inclusivity, with a particular focus on sickness and disability. The Prevention Fund (*Forebyggelsesfonden*), a foundation established in 2006 as part of a wider cross-party welfare agreement, disburses DKK 350m a year to projects aimed and promoting occupational health and safety. The Danish National Centre for the Working Environment (*Forskingcenter for Arbejdsmiljo*) carries out research and promotes knowledge of best practice in a number of relevant areas, including psychosocial aspects of the working environment, musculoskeletal disorders, labour market retention and sickness absence (National Research Centre for the Working Environment, 2015). The idea was that using these national institution as a resource, each Jobcenter would have their own specialist *(Nøgleperson*) available whose role would be to advise their non-specialist colleagues dealing with claimants at the frontline, as well as communicate best practice and oversee municipality-wide efforts to reintegrate disabled people into the labour market (Specialist Centre for Employment and Disability, 2015). Regional labour market councils were supposed to oversee this spread of best practice and to ensure that municipalities collaborated where necessary. In practice, however, this has been a patchily-implemented strategy. In some Jobcenters the Disability Key Person is not, as it should be, a full time job and a survey of Jobcenter staff found that a significant proportion of the Jobcenter Key People felt they did not have a leading role (Danish Labour Market Authority, 2009a). The same survey found a large minority of staff responding that they did not know how to deal with claimants with disabilities, especially those with mental health issues. Representatives of the National Network of Disability Organisations and the Labour Market Authority confirmed this:

> Disability has never really come on the local agenda and in a way this 'key person' was never in a position where they could influence their colleagues so the level of disability knowledge and expertise became and has become less and less. The knowledge that was supposed to flow between the Jobcenter workers, it hasn't worked at all. The focus on disability is less today than it was five to six years ago
> **Interview, DPO Representative, October 2012**

7.1.3 Steering, monitoring and target-setting

The increasing central control of activation was a theme that recurred in several of the interviews with Danish stakeholders. As was noted in Chapter 6, the reform of local government and its relationship with central government in 2007 has led to a welfare system is locally delivered and organised but in terms of policy direction and strategy, led from the centre. The steering (*styring*) of municipalities by central government towards more and better activation is now a perennial issue, and central government has commissioned a number of reviews into the effectiveness of its steering capacity – see, for example, Slotsholm for Danish Labour Market Authority (2010). In terms of targets; standardised tools, electronic recording of benefits and activation, and funding systems, central government has a number of ways in which it can influence who is activated, when and how, and it does appear that it is used them zealously to push activation of sick and disabled claimants. In terms of the imposition of targets, reduction of the number of new claimants of DP or Sickness Benefit have been one of the employment minister's four national targets in 2009, 2010, 2011, 2012 and 2013 (see Table 7/1, below). Additionally, Programme for persons with disabilities (*Indsatsen for personer med handicap*), set a number of similar targets, including one of moving 15% of existing disability pensioners into employment (Bengtsson, 2008). Municipalities are generally very responsive to these targets and so it should be taken as a sign as firm political commitment, especially given the other pressing labour market challenges Denmark faced in the late 2000s.

Table 7/1: Extracts from Employment Minister's Employment Targets regarding sick and disabled people

Year	Minister's Goal
2009	Goal 2: Jobcenters should intervene early to get Sickness Benefit claimants back into employment. Nationally, there should be year-on-year decreases in SB cases and a 20% reduction by 2015.
2010	Goal 2: Jobcenters should intervene early to get Sickness Benefit claimants back into employment. Nationally, there should be year-on-year decreases in SB cases and a 20% reduction by 2015.
2011	Goal 2: Job centers must ensure that the number of people on permanent benefits (Flex Benefit, Flexjobs and Disability Pension) is reduced.
2012	Goal 2: Measured by the reduction of people accessing Flexjobs and Disability Pension, Jobcenters must provide more support to people far from the labour market.
2013	Goal 2: Measured by the reduction of people accessing Flexjobs and Disability Pension, Jobcenters must provide more support to people far from the labour market.

Source: (Danish Ministry of Employment, 2008, 2009, 2010, 2011b, 2012)

More than targets, the central government's refunding of the municipalities' ALMP costs has throughout the period been its primary means of seeking to push the efforts of local government more strongly in an activation direction. Municipal expenditure is funded partly by local taxes and charges and partly by refunds from central government. Altering the refund rates to encourage or discourage certain types of behaviour has been a key method of central control of local government for some time. To encourage activation, benefits are refunded more generously when the claimant is activated, and the refunding of benefits also decreases over time. When municipalities do not provide statutory interventions – or provide them late – their refund is sanctioned. Further, government has tried to use the refund system to influence not only the balance between the use of passive and active measures, but also the municipalities' use of different types of measures. The concern was that the non-employed groups, particularly those further from the labour market, were taking part in activation that did not have sufficient employment focus and that public money was being wasted on activation offers that had no or even negative impact (‘Aktivering af de svageste dumper [Activation of the Weakest critcised]’, *Politiken.dk*, 14 October 2010) Thus, in 2010, activation with an employment-focus (a job subsidy or traineeship, for example) attracted a higher rate of subsidy than other types that did not place the participant with an employer, such as classroom-based training.

The impact of these attempts at steering on institutionalisation of activation – which are dealt with later on this chapter in section 7.4 – aside, it does indeed seem that central government has with a variety of actions attempted to align local practice with its stated political commitment to a more active welfare system for the sick and disabled non-employed.

7.1.4 Trialling, research and evaluation

Denmark has an established history of extensively trialling and researching activation approaches, and it has continued to do so with regard sick and disabled jobseekers throughout the period under study. As 7.1.1 established, creating and spreading knowledge of best practice has been one of the major themes of the sickness and disability activation agenda, It has made particular use of Randomised Control Trials

(RCTs) of innovative interventions. Active –Faster Return (*Aktive - hurtigere tilbage*) was an RCT conducted in 2009 to test earlier and quicker intervention regimes for SB and Flex Benefit claimants (Ramboll for Danish Ministry of Employment, 2010). An interest in Individual Placement and Support (IPS) approaches led to a randomised trial providing IPS for Disability Pension and Sickness Benefit claimants with mental health support needs, connecting the claimant with a specially-trained IPS adviser; mental health support from a local specialist centre and an immediate job placement (Inklusion, n.d.)

The Prevention Fund provided DKK 240m for the Return to Work Project (*Tilbage til Arbejde Projekt*), a large RTC which piloted a new, more rigorously multidisciplinary approach approach to helping people on sickness benefit than the standard municipal intervention processes. It had 6500 participants across 22 of the 98 municipalities. Based on emerging evidence from earlier trials, it tested earlier and more regular contact with the claimant, co-ordination of the employer, the Jobcenter and the health and social services; and a multidisciplinary analysis of each individual case. A single specially-trained TTA adviser led a team combining a representative of the employer; a Return to Work team from the Jobcenter (comprising a psychologist and a person experienced in occupational physiology and rehabilitation) and a group from the local health service, including a psychiatrist and a doctor with experience in occupational, social or general medicine. The TTA teams undertook a training scheme meant to improve team members' knowledge of relevant issues, including mental health problems and treatment; pain and stress management and interdisciplinary working, especially with employers and health services (Aust et al., 2012).

The Labour Market Authority also funds a range of 'Knowledge Pilots' (*Videnspiloter*) aimed at generating understand of what works. The KVIS scheme (*Koordineret Virksomhedsrettet Indsats for Sygedagpengemodtagere kategori 2 – Co-ordinated activities for Match 2 Sickness Benefit claimants*) funded, monitored and evaluated 14 municipal trials of different strategies of early intervention for SB claimants (Discus for Danish Agency for Labour Market and Recruitment, 2014).

These are all evaluated at some length internally and by organisations commissioned by the Labour Market Authority and Ministry of Employment, and the National Institute for Social Research has also conducted a wide range of qualitative and quantitative evaluations of specialist activation efforts, as well as producing the

annual Disability and Employment (*Handicap og beskæftigelse)* reports on the employment of disabled people (see, for example (Høgelund & Kjeldsen, 2013)

One of the most interesting features of the Danish trialling and research approach is a piece of intervention modelling software called Effectivindsats. This is available free to municipalities and uses live economic and benefits data to allow the user to model the budgetary impact of a given intervention and investment (Danish Labour Market and Recruitment Agency, n.d.). This is particularly important given that central funding of local government expenditure is very complex and liable to being misunderstood (see later sections of this chapter) and it automates most of the calculations. This is part of a wider effort on the part of government to create and demonstrate to municipalities an incentive to provide activation.

On the whole, the process of evaluation and trialling seems to be rigorous and used seriously and extensively by policymakers when developing activation policy. In the form of *TTA-Projekt* and Resource Scheme, for example, there is clear continuity between policy trials and the policy that followed. Central government appears to invest significant effort and resources (see 7.1.5 below for details of funding of trials and research) in fostering a research and innovation culture around activation service development at both local; regional and national level and appears committed to using the results of this to inform policy. The exception to this is that there does lately appear to have been significant bearing down on costs relative to trial programmes. Resource Scheme, for example, is much less generously funded that either *TTA-Projekt*, and less than recommendations for similar schemes (see 7.1.5, below).

7.1.5 Resource commitment

It is possible, given the good availability and quality of data offered in the OECD SocEx and the Danish Jobindsats database, to track central government spending over the period of interest. However, in addition to the general cautions one should take when using expenditure data outlined previously in Chapter 3, two further caveats are worth adding.

Firstly, the figures here concern central government only and so do not reflect the total of what is actually spent on activation at the front line. Danish central government refunds municipal activation costs to a greater or lesser extent depending

on the type of activation and the target group, and it is up to the municipalities to decide how much of their own funds they wish to spend on top of this, and this varies considerably between municipalities. An account of the variation in municipal spending can be found towards the end of this chapter.

Secondly, as central government does not directly control inflow into activation and is bound to refund municipal expenditure according to the refund rules operating at the time, it does not have total autonomy over its disbursements.

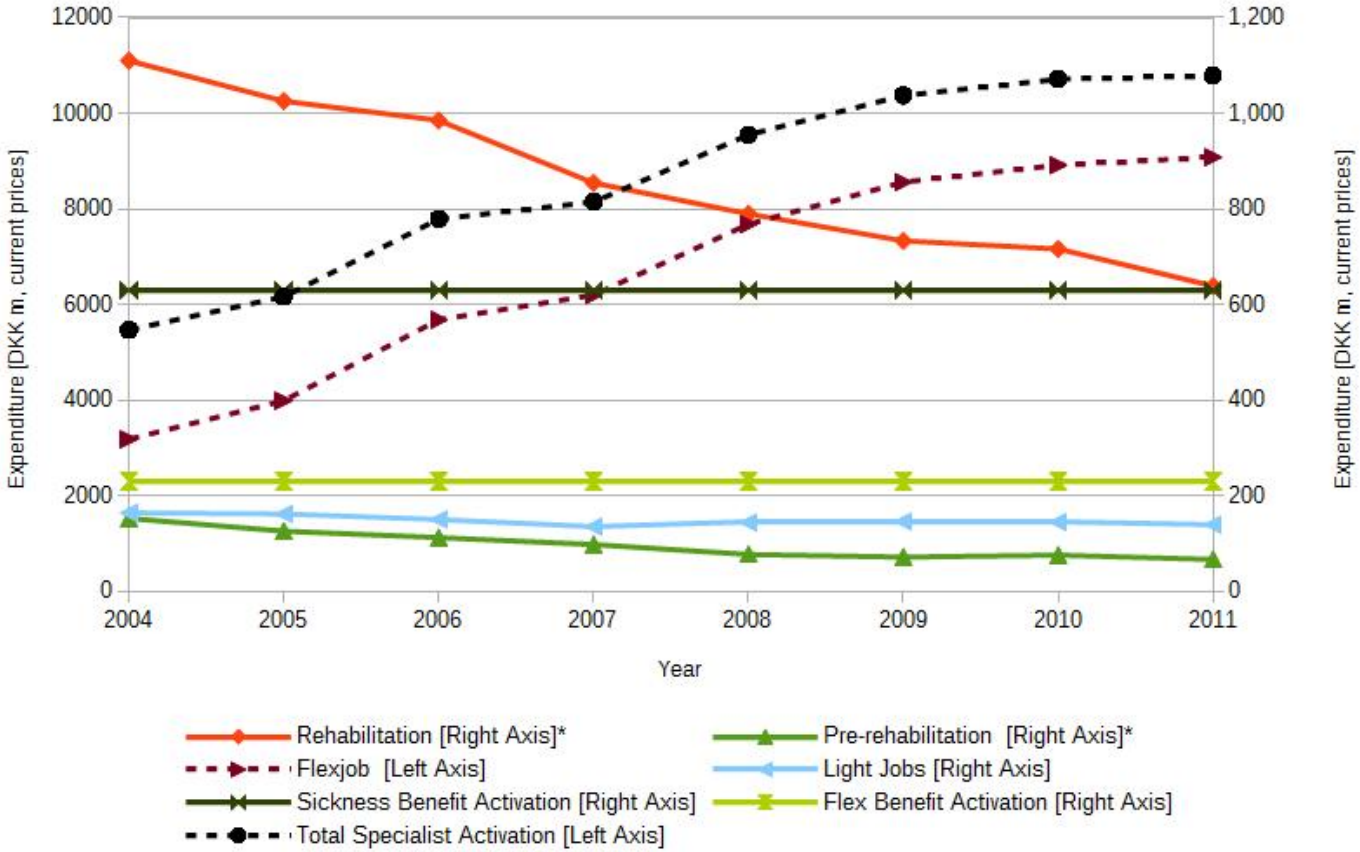
Thirdly, the actual amount disbursed by central government for activation purposes is likely to be slightly in excess of that recorded in these datasets. Outside of the main centrally-funded programmes, various employment-related interventions for workless sick and disabled people are given grants by the Ministry of Employment and organisations operating on its behalf, but this is on an ad-hoc basis and is not, as is clear from the documentation accompanying the SocEx database, included in reported spending. Similarly, given the multidimentional nature of activation in Denmark, central government does disburse funds that may at the municipal level be spent on employment-orientated support for sick and disabled people through budgets other than that of the Ministry of Employment, notably through the Ministries of Health and Social Affairs, but it is rarely earmarked as being explicitly employment-related. Consequently, this does not appear as activation spending in either the OECD or Danish government databases, and so it is impracticable to identify the amounts accurately and track this spending over time. Judging from available evidence (see the account of The Prevention Fund and The Development Fund, below), these expenditures are not likely to total more than around DKK 150m a year, about 1.5% of the OECD-reported sick and disabled-related ALMP spending.

Some minor concerns I have with the OECD data and how I have tried to deal with them are worth pointing out here. Firstly, OECD figures appear to report the allowance that Rehabilitation participants are paid along with programme expenditure as a single figure and as ALMP expenditure, which is misleading. This suspicion is based on the following: with privileged access to data the Carsten Koch Committee (2014) give total spending on Rehabilitation for 2013 (only, no other years are available) as DKK 2890m, split into DKK 850m on activation measures and DKK 1990m on the allowance. For 2011 – the latest year available – OECD give Rehabilitation and Pre-Rehabiltation spending as DKK 2274m. It is therefore likely both allowance and

activation spending has been combined together but labelled as activation spending in OECD SocEx. Considerable effort was made to get the activation-only figures for all years from the Carsten Koch Committee, the Ministry of Employment, CABI, SFI and Statistics Denmark, all to no avail. The best I can do, therefore, is to deduct 69% (1990m / 2890m) from each year's Rehabilitation and Pre-Rehabilitation figures from the activation data. Modification of the benefits data is not required, as Jobindsats rather than OECD data has been used. Similarly, the Committee provide figures for activation of SB and Flex Benefit claimants but this is not included separately in the OECD data. As activation for these claimants are not separate programmes per se, a fair assumption is that they have been included in the general activation category. Therefore, again assuming they are the same for every year, DKK 630m[33] and DKK 230m, respectively has been added to the total figure for specialist activation spending.

Combining spending on the four activation schemes for sick and disabled non-employed benefit claimants – Flexjobs, Rehabilitation, Pre-rehabilitation and Lightjobs – and activation for SB and Flex Benefit claimants shows that the activation spending increases very significantly over the period of interest, from DKK 5.4bn in 2007 to DKK 10.7bn in 2011, an increase of around 100% – see Graph 7/1, below.

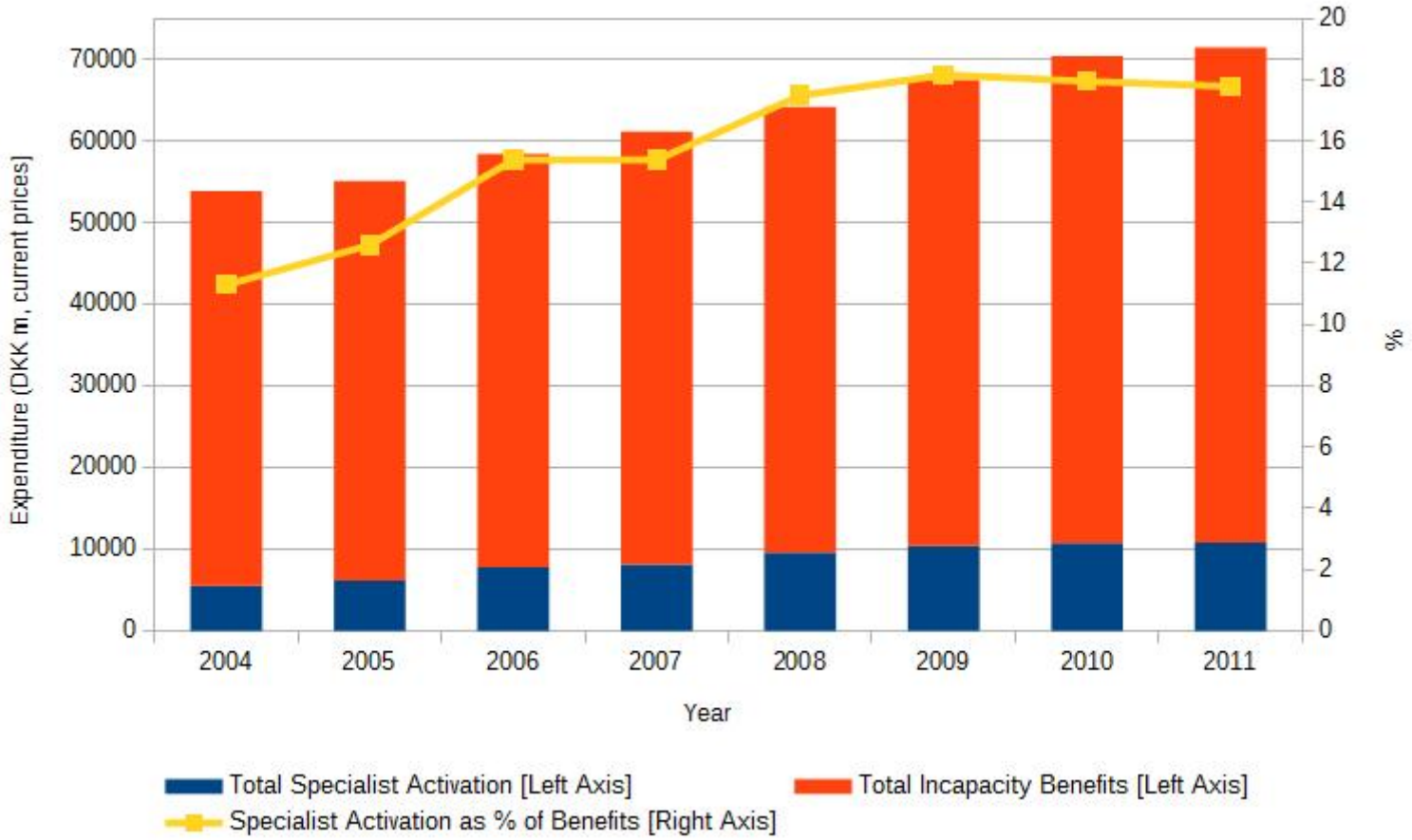
33 Given the large increase in activation of SB claimants (see 8.4) post-2010, the 2013 figure is in fact likely to be a high point and earlier years – especially before 2010 – much lower. The overall spending figure, therefore, will be a slight overestimate for earlier years.



Graph 7/1: Expenditure on ALMP for sick and disabled benefit claimants, individual schemes and total, 2004-2011

Sources: OECD. SocEx Detailed database. Options – Source: Public, Branch: Incapacity related, Type of Expenditure: Active Labour Market Programmes, Country: Denmark Programmes: Rehabilitation (208.10.6.0.5.1), Pre-rehabilitation (208.10.6.0.5.2), Flexjobs (208.10.6.0.5.3) and Lightjobs (208.10.6.0.5.4). Adjustments applied to Rehabilitation and Pre-Rehabilitation, as explained above. http://stats.oecd.org/BrandedView.aspx?oecd_bv_id=socx-data-en&doi=data-00167-en#
Data for Sickness Benefit and Flex Benefit activation: Carsten Koch Commitee (2014), p.29

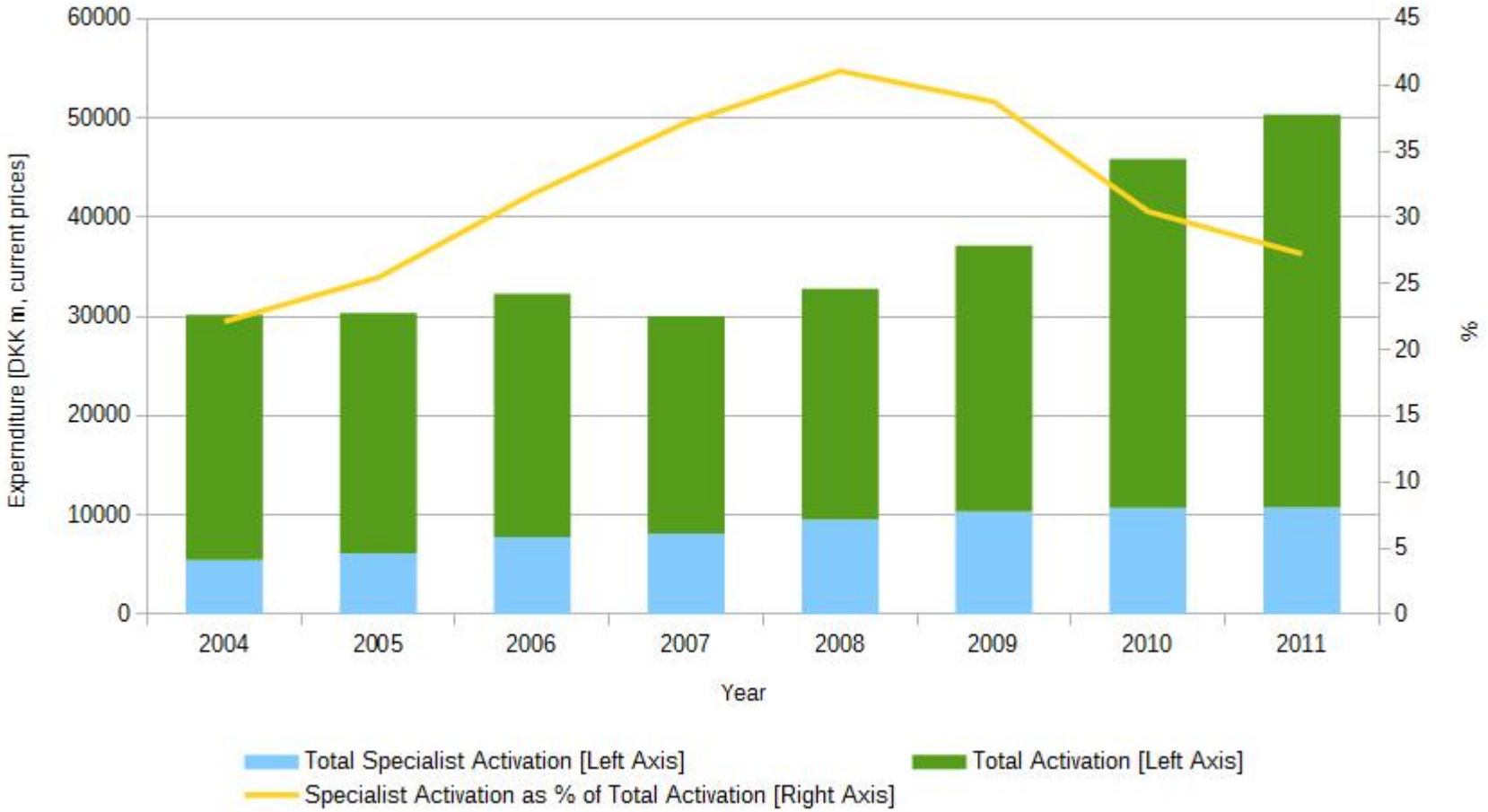
It is important, however, to put these figures in a broader context. Absolute spending figures do not tell us, for example, about the relation of active to 'passive' spending – a common measure of the level of activation – or how changes in specialist disability and sickness activation relates to trends in overall ALMP spending. Expressed as a proportion of total spending on incapacity-related benefits (see Graph 7/2, below), the increase is noticeably more modest, from 15.5% in 2007 to 18%, in 2011, with one year-on-year decrease between 2009 and 2010.



Graph 7/2: Total expenditure on Sick and Disabled Activation programmes as a percentage of expenditure on incapacity-related benefits, 2004-2011

Sources: Activation data – ibid
Benefits data – *Jobindsats* database. *Forsørgelsesudgifter option of the Alle ydelser under ét* data set, selecting *Offentlige udgifter, løbende priser* under *måling* and selecting *Revalidering, Forrevalidering, Sygedagpenge, Ressourceforløb, Ledighedsydelse* and *Førtidspension* under *Ydelsesgrupper.*

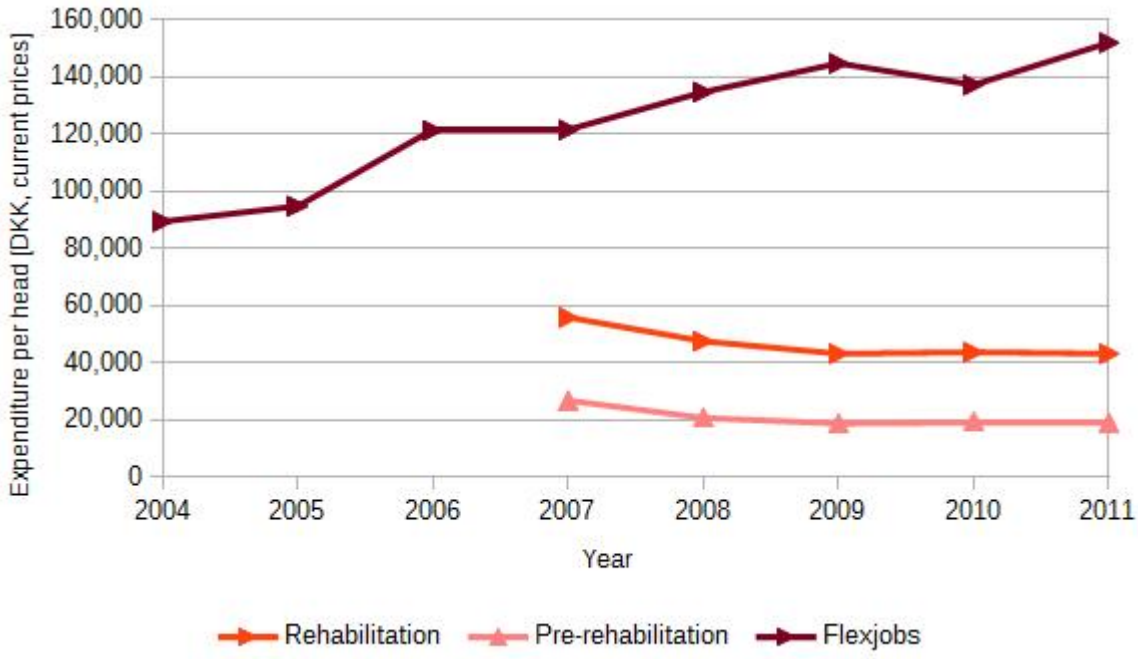
Looked at in the context of ALMP spending overall, spending on activation programmes for sick and disabled claimants as a proportion of total spending falls sharply over the period of interest, following a steady increase in the earlier part of the decade – see Graph 7/3, below. This is unsurprising given the increase in total ALMP spending driven by Denmark's robust response to the economic downturn and by the automatic uprating of ALMP spending with rising unemployment (Mploy, 2011) However, whilst the relative decrease does not per se indicate a decline in political will, it perhaps does show that during the downturn period activation for these groups has been somewhat deprioritised relative to other groups. There is a case to be made that as sick and disabled workless benefit claimants are facing the same tougher labour market conditions as newly unemployment claimants, spending on the former should at least keep pace with spending increases on the latter.



Graph 7/3: Total expenditure on Sick and Disabled Activation programmes as a percentage of total expenditure on ALMP, 2004-2011

Sources: Specialist activation – ibid
Total ALMP – OECD. SocEx Detailed database. Options – Source: Public, Branch: Active Labour Market Programmes, data point 208.10.6.0.0.0 Country: Denmark
http://stats.oecd.org/BrandedView.aspx?oecd_bv_id=socx-data-en&doi=data-00167-en#

To account for caseload changes, it is also worth calculating per head spending, and Graph 7/4 does this for the schemes for which data is available. This shows that for the period of interest funding per head is steady for the Rehabilitation schemes and significantly increasing for Flexjobs.



Graph 7/4: Expenditure per head on Sick and Disabled Activation programmes, 2004-2011

Sources: Expenditure data – ibid
Caseload data – Jobindsats database. *Antal aktiverede* option of the *Forrevalidering* and *Revalidering* data sets; *Antal personer* option of the *Flexjobs* dataset

As well as regular programme spending, the Ministry of Employment's endows The Prevention Fund and The Development Fund, which spend further money on smaller projects and supplements to existing programmes. Neither spend exclusively on activation and so it is difficult to calculate with precision what they contribute to total activation spending and how this changes over time, and so some indicative figures will have to suffice. The Prevention Fund spends around DKK 30m annually on Flexjob bonuses – funding for Flexjob positions of less than 10 hours a week – and a proportion of its DKK 484m labour market retention budget on supporting municipal rehabilitation teams (The Prevention Fund, 2014), as well as co-funding the TTA Project during the period of its operation. Initiatives to assist sick and disabled people into employment receive a share of the DKK 500m Development Fund each year, but it can vary considerably, from, for example, DKK 41.6m in 2010 (Danish Finance Ministry, 2010) to DKK 7.9m in 2011 (Danish Ministry of Employment, 2011a)

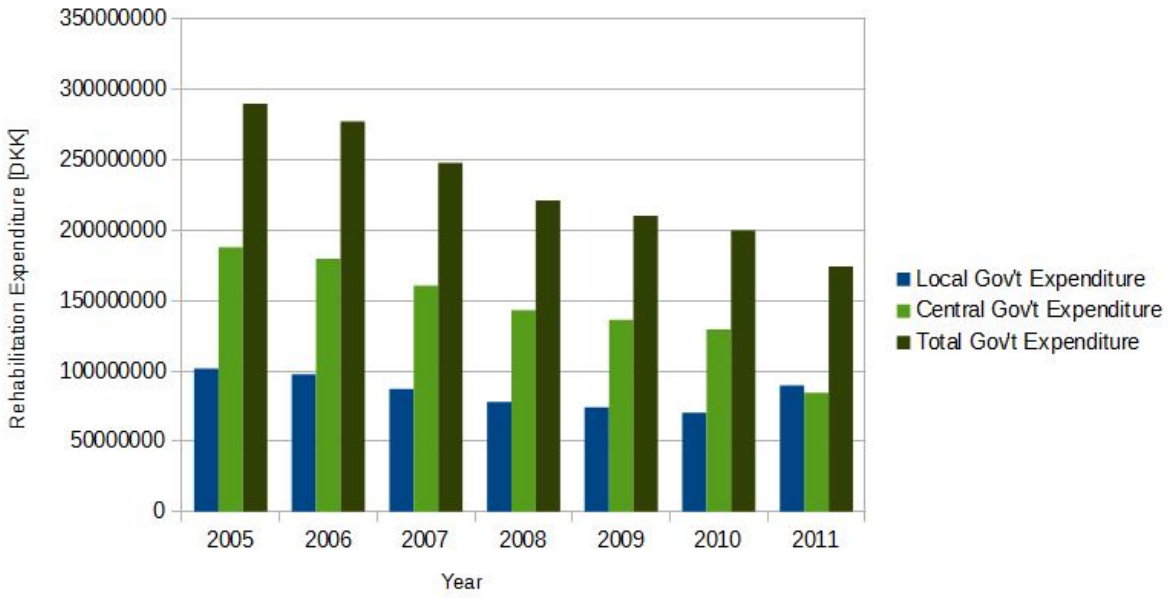
Taking together this regular and ad hoc spending, the central government resource commitment appears to be relatively significant, and certainly in-line with traditionally high spending on ALMP in Denmark. The increase in spending is large, even if it appears much more modest relative to benefit spending, and as a decrease relative to overall spending. However, there are some caveats that need to be added to this conclusion.

Firstly, the spending increase is accounted for almost entirely by increases in the Flexjobs subsidised employment programme. Other than the participant's stated reduced capacity due to disability or health reasons, Flexjobs assumes no other employment barriers. Therefore, the spending increases cover only the work-ready part of the sickness and disability benefit claimant pool outlined in Chapter 3, and not claimants who might have additional employment barriers arising from their time out of work – outdated skills, low confidence, and so on. This is supported by the fact that Flexjobs has not, as was intended, made significant inroads into the Førtidspension claimant population (Danish Government, 2012), claimants of which tend to have multiple and complex employment barriers.

Secondly, the central government at various points since the inception of Flexjobs has sought to curb the cost of the scheme, alarmed at its high cost, increasing

cost per subsidy holder (see Graph 7/4, above) and apparent marginal net effectiveness. Moves since 2010 in particular do appear to signal a growing reluctance to continue to fund such resource intensive open-ended commitments. The cost of funding the job subsidies and FJ was by the end of the last decade such that policymakers were discussing the problems of FJ in the same way (in terms of long-term dependence) – and often alongside – those about Disability Pension. Government reports often quote the combined cost of DP and Flex Jobs and the reforms to both have been presented as a single package (Danish Government, 2012). Since January 2013 Flex Jobs are no longer be permanent for the under 40s and require reassessment after five years, subsidies are capped so a greater proportion of Flex Jobs will be reserved for low-wage workers and changed so people only able to work very limited hours can qualify for one. The Flex unemployment benefit has since 2013 been limited to those who are members of an insurance fund – with uninsured claimants getting an alternative benefit at a reduced rate – and beneficiaries will be required to be actively seeking work, as is already the case for other benefits (ibid). The government calculated that reform could save DKK 2.62 bn between 2013 and 2032 (Herløv Lund, 2012). These reforms were highly controversial – the Danish National Disability Council, for example, argued that the reform was essentially a savings exercise and warned that the reforms would push some Flex Job holders into poverty (Danish Disability Organisations, 2012).

This comes in the much broader context of concerns about the costs of activation generally, and, as with benefits, the 2000s saw successive governments seek to put downward pressure on the costs of activation by passing on more of the burden to local government in the form of tighter rules on what can be refunded, and to what extent. The impact of this on service provision for sick and disabled claimants is dealt with later on in this chapter, but the relevant point here is that it has had an impact on central government funding for some schemes. In the case of Rehabilitation, for example, has reduced central refunds year-on-year, resulting in a sharp decrease of central financing and overall expenditure in the six years from 2005 (see Graph 7/5, below).



Graph 7/5: Rehabilitation expenditure 2005-2011: total government, local and central

Source: Adapted from data in Centre for Active Employment (2012,p.6)

Though it is a relatively recent scheme that is still be rolled out, it is worth highlighting the political debate around the funding of the new Resource Scheme, as it is a good illustration of how an apparently extensive resource commitment can be relatively limited when looked at in per head terms. By 2032, the government is expecting to spend just over DKK 1.4 bn on support for RS participants, all of whom would otherwise be claiming long-term disability benefit (Information Request to Danish Labour Market Authority, see Appendix B2). However, given that this is planned to support 44,000 participants (ibid), the annual central funding per claimant is actually a modest DKK 32,000, and half the amount recommended by the Labour Market Commission for a similar scheme in 2009 (Labour Market Commission, 2009) It is also worth noting that the start-up costs of the programme are borne by reallocating over 85% of the Development Fund for four years from 2013 – DKK 486m of DKK 563m (Danish Ministry of Employment, 2009). It is not, as the party political left and disability groups have pointed out, new money – they argue that it is being taken away from small, successful projects that help people into work and being wasted on a central government politico-fiscal project designed to push people out of DP (*Regning for ny reform havner hos udsatte* [Vulnerable get bill for new reform], 3 July 2012, Politiken.dk).

As with the Flexjobs reform, there is some justification in the claim that RS is primarily a benefit savings exercise – the Labour Market Authority's own figures show that the majority of the projected savings come from moving participants on to lower-rate benefits, rather than into the labour market (Information Request to Danish Labour Market Authority, see Appendix B1). Taken together with the new Flexjobs scheme and trends in the funding of Rehabilitation, it appears Danish central government is moving to more limited and more closed-ended funding of specialist employment-related services for sick and disabled benefit claimants.

7.1.6 Conclusions

Government political commitment to strengthening activation for sick and disabled non-employed, then, appears to have been relatively strong. The flow of new initiatives and programmes over the last decade has been significant and consistent,

and much effort has been put into trialling new multi-disciplinary approaches to help the most disadvantaged sick and disabled non-employed. There is starting to emerge from a fairly intensive but narrow system one that, at least in theory, has something to offer for the full range of non-employed, from those needing relatively standardised support to generous job subsidies and multi-service approaches for those with severe capacity reductions. Notable also is the effort put into promoting best practice throughout the Jobcenter network and the extent to which government has sought to change the incentives that municipalities have to provide activation. The ambition of government, it seems, has increased consistently over the period. However, there are some important caveats to add here. Whilst central commitment may have been strong and increasing, the later part of the period does show the development of a reluctance to fund existing types of activation as generously as generously in the past. As the later sections of this chapter explore in more detail, the surface enthusiasm for more intensive and extensive activation of sick and disabled non-employed has not necessarily been underpinned by concomitant commitment to and tolerance of the time and resource-intensive measures that are required when seeking to activate a larger proportion of people out-of-work for reasons of ill-health or disability.

7.2 The Activation offer: activation services offered to sick and disabled benefit claimants

Denmark largely does not have employment programmes in the sense of nationally-organised schemes targeted at a specific groups of non-employed people and with specified intervention regimes, as has historically been the case in the UK. Instead, title 4 of the Active Employment Efforts Act[34] [35] (AEEA) – which governs most activation policy – specifies a range of interventions falling under three broad headings – Guidance and Upgrading (*Vejledning og opkvalificerin*g), Subsidised Employment (*Job med løntilskud*) and job training (*Virksomhedspraktik*) (AEEA §22) – and municipalities can provide these to any claimant out of work for whatever reason, or at risk of leaving the labour market.

Guidance and upgrading comprises a broad set of measures from basic services such as assistance with job applications; producing CVs, improvement of basic skills such as reading and writing, and a skills assessment – usually referred to as a Short guidance and clarification course (*Korte vejilednings og Afklaringsforlob*); enrolment in a Specially Adapted Project (*Særligt tilrettelagte projekter*) – municipal projects usually focused on a specific group and often with a community service element, or support with improving the claimant's formal education. Given their lower cost, the former two, and especially the first, tend to be the mostly widely used Guidance and Upgrading options. Within Guidance and Upgrading, municipalities will often also investigate the claimant's medical-related needs and can provide health-related support, but this tends to of an ancillary nature – exercise classes; dietary and nutrition services, drug addiction-related support – rather than direct health treatment or therapy (Ramboll, 2008).

Most claimants can be offered a subsidised job in the public or private sector for the purposes of improving their skills and work experience, in most cases once the claimant has been on benefit for six months. The maximum subsidy is DKK 74.05/hr for private sector positions and DDK 121.47[36]/hr for public, paid for a maximum of one year (Danish Labour Market and Recruitment Agency, 2015). Special rules providing a higher subsidy (up to 50%) and longer duration of subsidy exist for disabled people

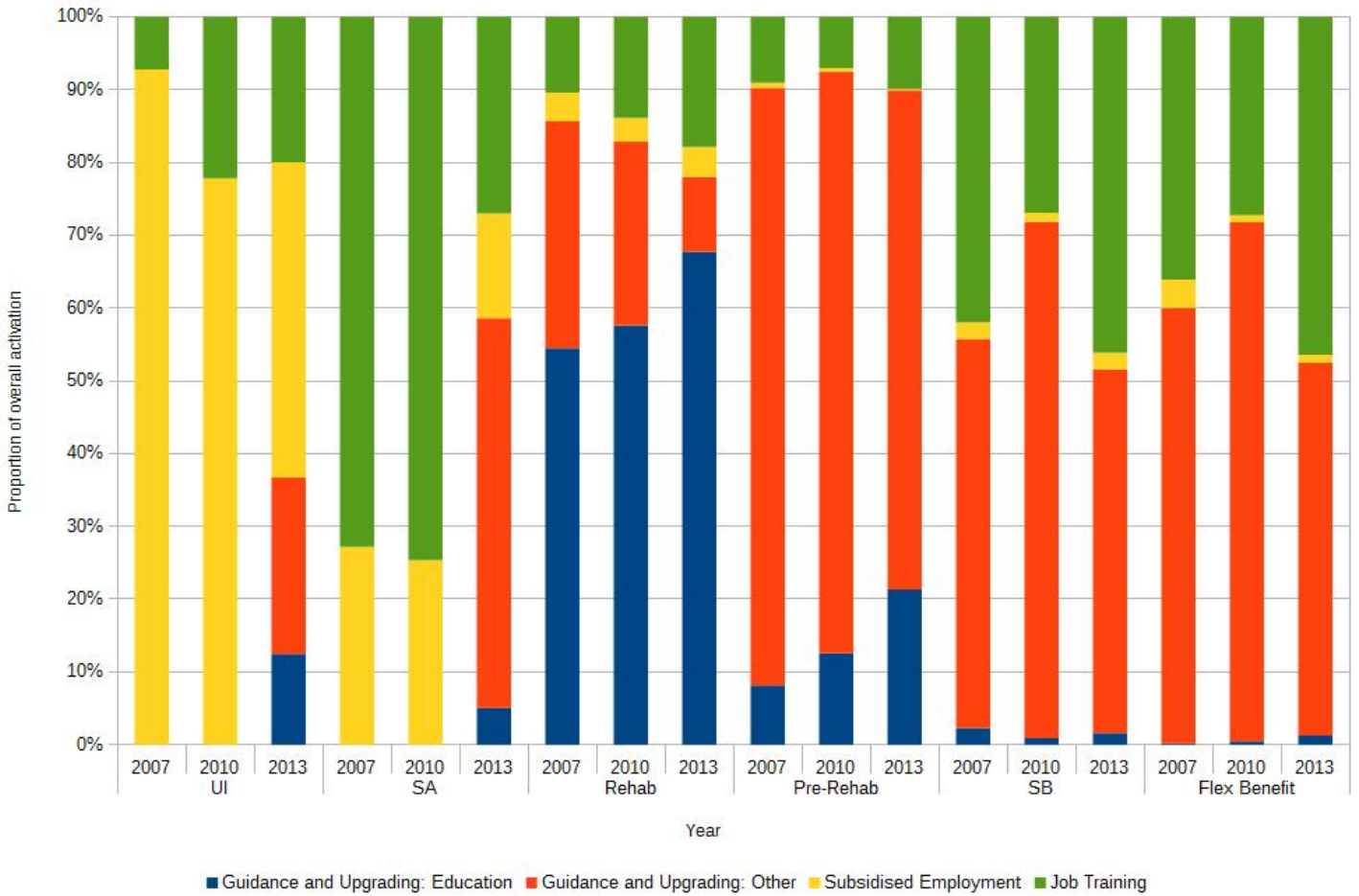
34 Any references to Danish acts will contain the relevant section number, indicated by §
35 https://www.retsinformation.dk/Forms/r0710.aspx?id=164698
36 2015 rate

who are unemployed for two years having completed 18 months of further education – the Icebreaker scheme (Høgelund & Pedersen, 2002).

Training hosted by a public or private employer aimed at improving their skills such they can move into employment is available to most claimants for 4 weeks and for 13 weeks for people with reduced work capacity, with the possibility of an extension to 26 weeks. (AEEA §44) The claimant continues to claim their benefit, though they can be awarded a training and transport allowance.

As data on which activation offers are made to benefit claimants across all working-age benefits and across the various schemes is recorded, it is possible to compare how sick and disabled claimants are activated against other groups. Graph 7/6, below, compares the use of the three main types of activation (with Guidance and Upgrading split between education-related measures and all other G-U measures) for claimants of Sickness Benefit and Flex Benefit[37], with the two general workless benefits alongside for comparison. The data for the Rehabilitation and Pre-Rehabilitation schemes will be referred to in the next section. From this data, it appears that claimants with health or disability-related capacity reductions appear to be activated appropriately distinctly from other groups, with most activation being through Guidance and Upgrading or Job Training, with subsidised jobs being used mainly for UI and SA claimants.

37 Disability Pension claimants by definition cannot be activated, and so DP is not included. If DP claimants wish to accept an activation offer, they must transfer to another benefit.



Graph 7/6: Activation offers by type as a proportion of total offers, for each benefit/programme and year, 2007; 2010 and 2013

Source: Jobindsats database. *Antal aktiverede, gnsn. varighed og fuldtidsaktiverede* option of the *A-Dagpenge; Revalidering; Kontanthjaelp; Forrevalidering; Sygdagpenge* and *Ledighedsydelse* data sets, and selecting V*ejledning og opkvalificering, Uddannelse; Virksomhedspraktik* and *Job med løntilskud* options under *Tilbud*

Whilst sick and disabled claimants of any non-employment benefit can be made an activation offer of any one of these types, they can also be made subject to four distinct activation regimes aimed primarily at people with reduced working capacity. Claimants of Sickness Benefits are subject to a specific set of interventions designed to prevent a permanent deterioration in their working capacity and to return them to work as soon as possible. SB claimants for whom this has not worked – or claimants of other benefits who need greater support than is available under the AEEA – have three further options. Vocational Rehabilitation (*Revalidering*[38] [VR]) – which has an introductory element called Pre-Rehabilitation (*Forrevalidering)* that is administratively distinct; Resource Scheme (*Ressourceforlob* [RS]) and Flex Jobs (*Fleksjobs* [FJ]). These are not separate programmes per se, as they may use many of the same interventions – and indeed, some of the same types of activation offered under AEEA – and are run in the municipalities alongside support for other groups claimants, but they have different rules than for the rest of the activation system – governed instead by the Active Social Policy Act (ASPA) or Act on Sickness Benefits – and are treated separately administratively.

As shown in Chart 7/1, below, these schemes are organised sequentially, each one offering more intensive and extensive (and, therefore, usually, expensive) support than the last. Table 7/2, below, gives per head spending for 2013 for all activation programmes and activation measures for benefit claimants. Municipalities considering referring a claimant to Rehabilitation, for example, must demonstrate that the claimant cannot be assisted by some of the general measures offered to all by the AEEA and, likewise, claimants should not be considered for a Flexjob until it can be shown that VR has failed or that the claimant has capacity reduction to the extent that VR will not be effective. Claimants assessed as eligible for a Flexjob but who cannot find Flex employment or who lose their Flexjob go onto Flex Benefit and are activated through AEEA measures. Those who have greater incapacity than can be accommodated within a Flexjob – from 2013 – are sent on to Resource Scheme if they are under 40 years of age or can claim DP if older than 40.

The next sections of the chapter look at these programmes in detail.

38 Rehabilitation has two translations in Danish, both of which are used in discussions around activation. Although they are (wrongly) used interchangeably, *Rehabilitering* means a restoration of a person's health whilst *Revalidering* has a more specific meaning around returning someone to their former socio-economic position, and is also the name of the scheme referred to here in English as Vocational Rehabilitation or Rehabilitation.

Table 7/2: Activation spending per head, 2013, by Scheme/Benefit, 2013

Scheme/Benefit	Number Activated, 2013	Total Expenditure, 2013, (DKK m, current prices)	Activation spending per head, 2013 (DKK, current prices)
Sickness Benefit	51,228	630	12,636
Flex Benefit	18,048	230	12,548
Flexjob	61,323	9270	151,166
Rehabilitation and Pre-Rehabilitation	14,363	850	58,339
Resource Scheme[39]	6000	196	32,666
Unemployment Insurance	154,113	2310	14,989
Social Assistance	146,914	3180	21,645

Sources: Expenditure – All Carsten Koch Commitee (2014), p.29 except Flexjobs. Flexjobs: OECD SocEx detailed data. Options – Source: Public, Branch: Incapacity related, Type of Expenditure: Active Labour Market Programmes, Country: Denmark Programmes: Flexjobs (208.10.6.0.5.3). http://stats.oecd.org/BrandedView.aspx?oecd_bv_id=socx-data-en&doi=data-00167-en#

Number activated – *Jobindsats* database. *Antal aktiverde* option of the *Alle ydelser under ét* data set, selcting 2013 under *Periode* and selecting *Revalidering, Forrevalidering, Sygedagpenge, Ressourceforløb, Ledighedsydelse* and *Førtidspension* under *Ydelsesgrupper.*

39 Figures are projections.

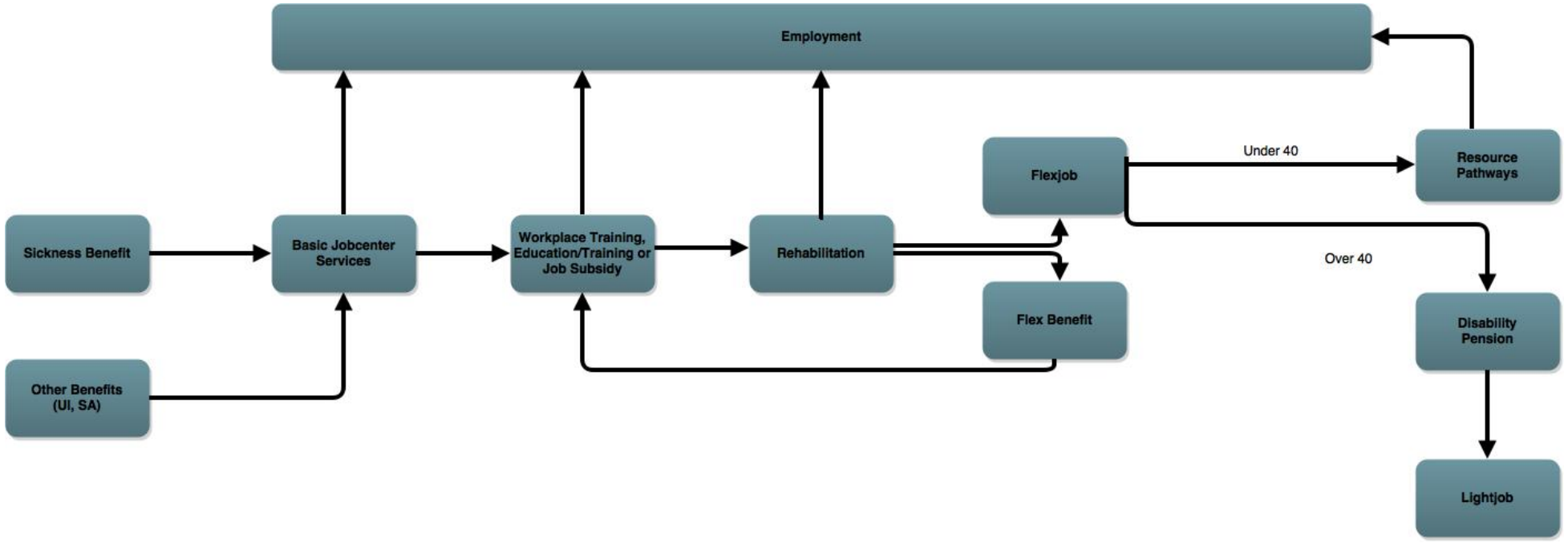


Chart 7/1: Claimant journey through Danish activation measures

7.2.1 Sickness Benefit follow-up

Sickness Benefit is the main gateway to long-term DP receipt, and so central government has been anxious to ensure that SB recipients are targeted early on in their claim so they can be helped back into employment as soon as possible. The period of interest covers two distinct sickness absence intervention regimes. From 2006 until 2014, municipalities were obliged within 8 weeks of being notified of the intention to claim to categorise the claimant into one of 3 target groups: Category 1 ('Smooth' cases [*Glatte sager*]) in which the claimant is likely to return to work imminently; Category 2 (Risk cases [*Risikosager*]) where there is a risk of a permanent reduction in working capacity, and Category 3 ('long standing' cases [*Langvarige sager]*) where the sickness absence is likely to be lengthy (Danish Institute of Social Research, 2006a). Following-up on the recipient's recovery was obligatory every 8 weeks in Category 1 and 3 cases, and every 4 weeks for Category 2. Municipalities could make offers of support from the three main groups of services from the AEEA and had incentives to do so as central government reimbursement of SB ceased after 52 weeks (ibid) (Danish Institute of Social Research, 2006b).

Alongside with changes to the payment of SB, this system was made seemingly more intensive and prescriptive in 2014. Three categories were retained, but the criteria made more detailed and the activation requirements increased for Category 2. Claimants identified as Category 1 are expected to return to work within 8 weeks and municipalities are no longer obliged to interview the claimant and generally are not expected to be made AEEA offers. Category 2 claimants are expected to take longer than 8 weeks to return to work, but their prognosis is generally clear. Municipalities are required to ensure the claimant has approached a doctor for treatment, arrange an in-person interview within 8 weeks (or earlier if the employer and employee request an earlier intervention under 'Fast Track' provisions) and repeat interviews (in-person or over the telephone) every 4 weeks thereafter (CABI, 2013a). In these interviews and in conjunction with the employer, the caseworker needs to establish one of four TTA (*Tilbage Til Arbejdet* – Return to Work) actions. In order of connection to employment and thus preference, these are; an agreement between all three parties on a gradual re-entry into employment if this is deemed possible; a subsidised traineeship to reintroduce the claimant into their job; job training, or one of the first three options

with the added support of an employment mentor, work aids and workplace adaptations (CABI, 2013b). Category 3 claimants will either have a long-term health condition or a health issues compounded by other employment-related barriers. The same 8 and 4 weeks as for Category 2 claimants apply and in addition, municipalities must refer the claimant to an inter-disciplinary rehabilitation team (see, Resource Scheme below) for the preparation of a rehabilitation plan, which can bring together a range of employment, health, social and educational interventions. Claimants also have the right to access *Lær at tackle* (Learn to Tackle), a suite of health condition management programmes focusing on chronic illness, chronic pain and stress and depression (ibid). Category 2 claimants can also access the inter-disciplinary rehabilitation support if they are not eligible for an SB extension beyond 22 weeks. This comes with a benefit at the same rate as Social Assistance and is known as *Jobafklaringsforløb* [Job Clarification Scheme]. The new SB regime is presented graphically below, in Chart 7/2.

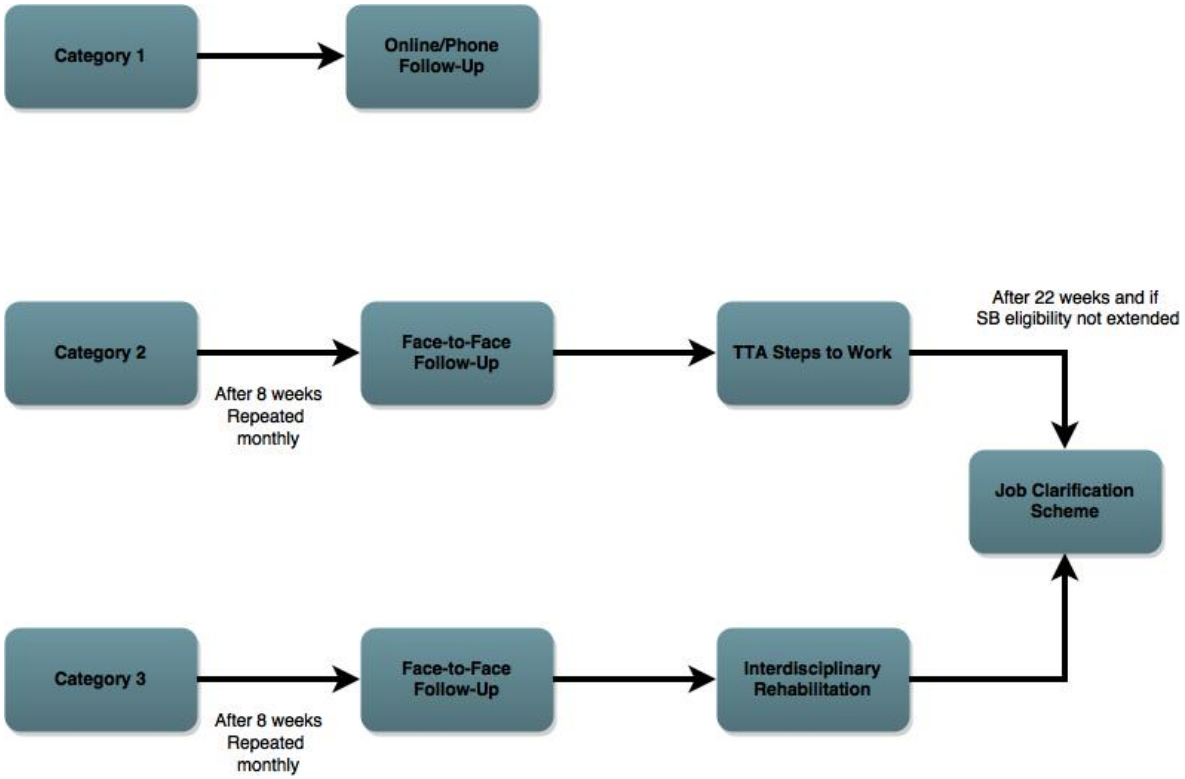


Chart 7/2: Sickness Benefit intervention regime, 2013-

7.2.2 Vocational Rehabilitation

One of the longest-established activation programmes – established in 1960 and operating in its current form from 1990 – Vocational Rehabilitation is aimed at employment on the ordinary labour market[40] or in employment on special terms (subsidised employment, Flex Jobs) for claimants with significantly reduced capacity to work. This is typically capacity reduction due to ill health or disability, though capacity reduction due to severe social problems (poor education and social skills, for example) are also considered when making a decision to accept a participant onto VR. As is common in Danish benefits and activation policy, the guidance on what grounds justify a referral to VR are vague, elastic and open to interpretation (Ramboll, 2015) – there is certainly no nationally-standardised test of capacity reduction – and so there is considerable variation in referral practices.

It begins with a Rehabilitation Plan that must specify the course of action and a specific area of employment for which there is a local demand, as well as estimate when the claimant should be ready for employment. It uses many of the standard employment measures – an examination of work capacity, skills and education courses, job training with a wage subsidy – but there is a much longer maximum period – up to five years – and the claimant receives a special Rehabilitation Benefit or, in the case of Job Training, the minimum wage as per the collective agreement covering the workplace in which they are receiving training. The claimant can also get help to become self-employed, including a low-interest business loan.

Rehabilitation is a very intensive scheme: the Jobindsats database records the proportion of the overall maximum time – 37 hours a week – that claimants are activated for and this shows that Rehabilitation participants spent at least 50% of the time (18.5 hours a week) in activation over the period, and almost 75% (28 hours) by the end of the period in 2013. This is far more than for any other benefit or scheme for which this data is recorded. Similarly, the majority of participants are enrolled on the scheme for 52 weeks or more for most years within the period of interest and the

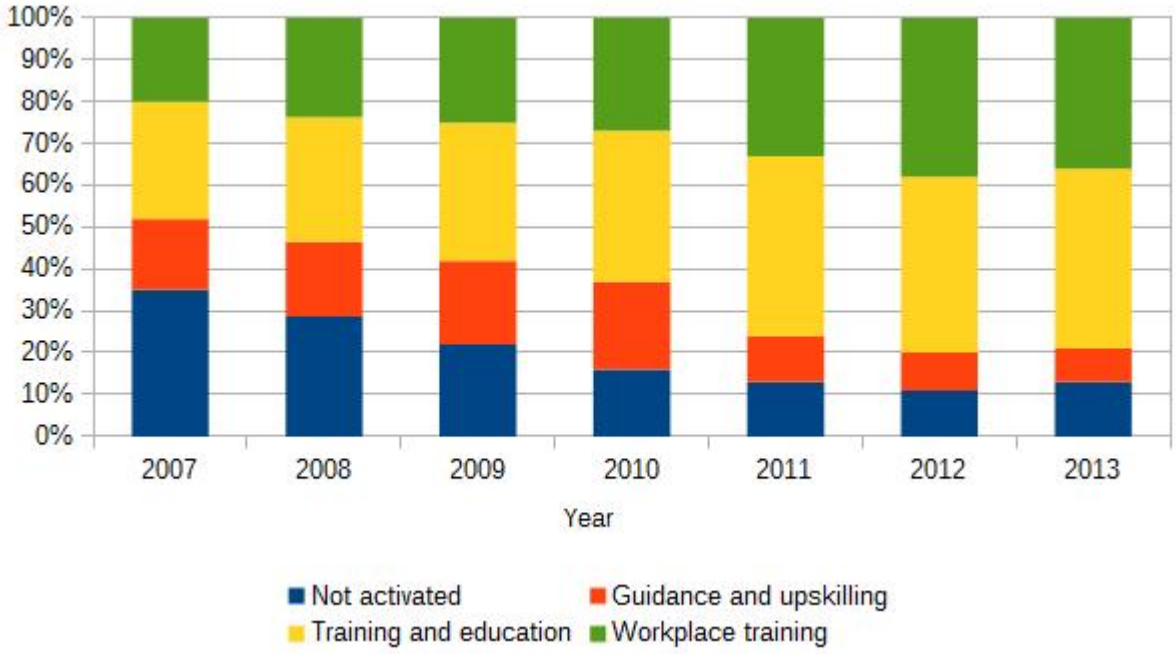
40 As a result of several decisions by the Social Appeals Board in 2009, participants do not have right to rehabilitation aimed at the same level of employment at which the participant gave up. Rehabilitation can therefore be refused to a skilled person on the grounds that they still have capacity for semi-skilled or unskilled work (FTF 2010)

average time spent activated was above 35 weeks for every year, and 49 weeks by 2013[41]. As such, although work participants may have a reduction in work *capacity,* Rehabilitation assumes a relatively high *readiness* for work: participants are not expected to have any other significant barriers – people classed as Match 3 are not eligible – and a national survey of Jobcenter Rehabilitation managers indicate fairly high expectations in participants' attitudes towards employment, confidence and readiness to engage with the support offered (Ramboll, 2015).

Most activation offers made to Rehabilitation participants are in the workplace training and training and education categories, with the trend over time being towards these measures and away from guidance and upskilling offers (see Graph 7/7, below). As one would expect given the different challenges facing the claimants, this contrasts with Unemployment Insurance and Social Assistance claimants, who are more likely to be referred to the less intensive guidance and upskilling courses, and to subsidised jobs[42]. Most offers (around 60%) within the training and education category are vocational in nature (Ramboll, 2015). Notably also, the proportion of participants not being activated has dropped significantly over the period of interest.

41 Jobindsats *Revalidering* database, selecting *Antal og varighed af afsluttede aktiveringsforløb*

42 The trend towards more resource-intensive measures on Rehabilitation over time is unlikely to have a specific policy decision cause, but rather a result of the declining size of the programme (see below), with a smaller and therefore more demanding participant pool.



Graph 7/7: Rehabilitation measures as share of total, 2007-2013

Source: Jobindsats database. *Antal aktiverede, gnsn. varighed og fuldtidsaktiverede* option of the *Revalidering* data set, and selecting V*ejledning og opkvalificering, Uddannelse* and *Virksomhedspraktik* options under *Tilbud*

As a result of the focus on more resource-intensive activation offers and the intensity of the activation in terms of hours spent in active measures, Rehabilitation is a relatively expensive scheme, with the average cost being around DKK 120,000 in 2012. This, however, masks very significant variation between municipalities: in the same year, the highest spending municipality spent 3.4 times as much as the lowest spending (Ramboll 2015).

Perhaps surprisingly, given that it is primarily used by claimants of sickness benefit – representing about at least 50% of all participants during the period of interest, and as high as 65% in 2010 (ibid, p.42) and that is focused on people with reduced working capacity, VR does not contain a statutory health or disability-related component. The relatively long periods for which participants are enrolled on VR does mean that they have time to recover and to seek medical treatment and this may well be specified in the Rehabilitation plan, but employment-focused health-related interventions are not offered as part of VR. This appears to be because Rehabilitation is focused on helping the participant adapt to their loss of capacity – by, for example, retraining them for a job with which their reduced capacity is compatible – rather than seeking to restore it. Until recently, if a person's capacity reduction was such that it could not be adapted to in this way, then welfare-to-work policy did not appear to have anything further to offer and claiming DP would usually have been the next step. The integration of health treatment into welfare-to-work policy for vulnerable groups has only come onto the agenda in the past few years and it was not until 2013 as part of the Resource Scheme that municipalities were obliged to provide such an integrated approach.

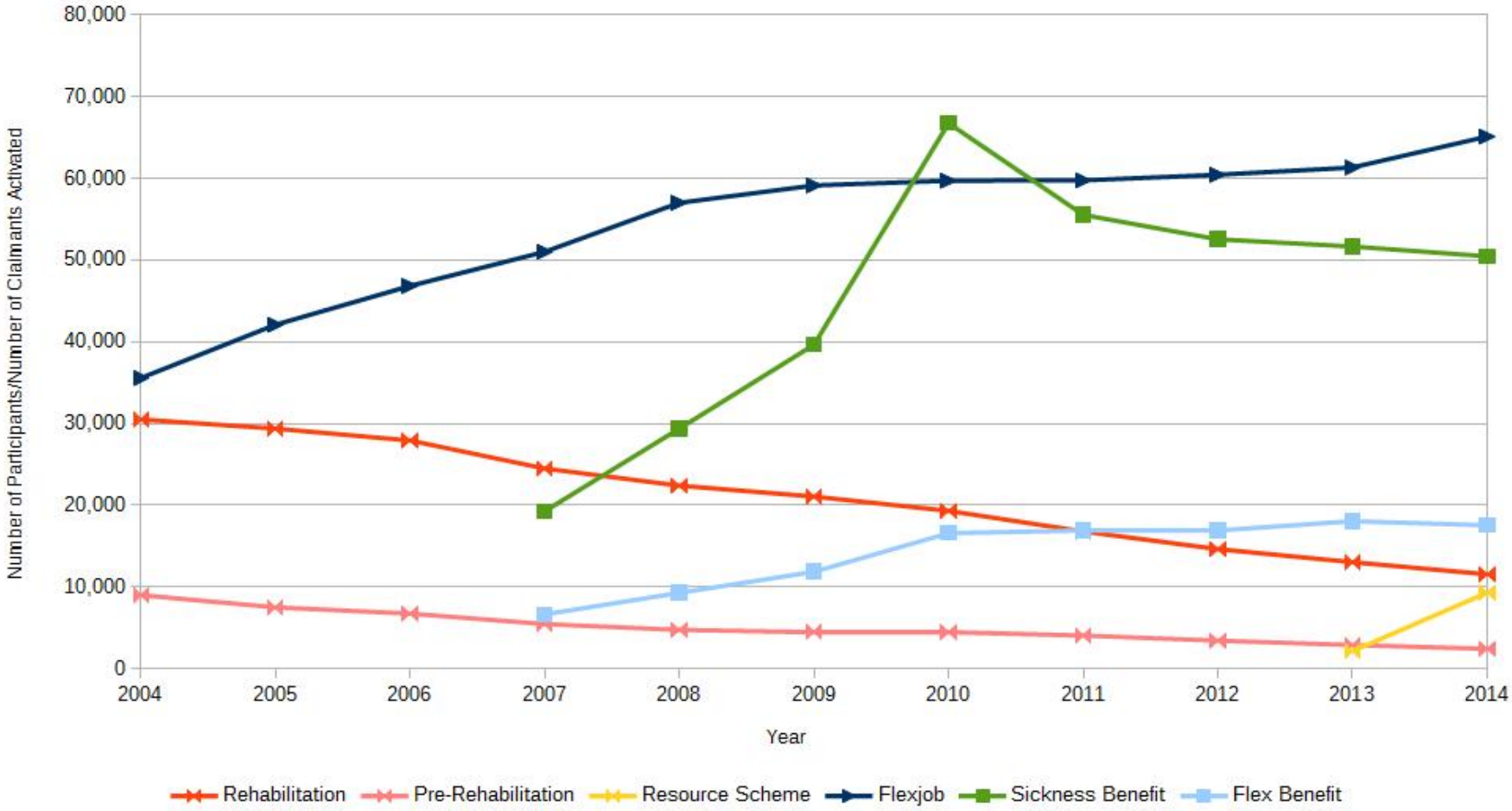
Rehabilitation is a remarkably successful scheme. Twelve months after leaving the scheme, between 35% and 45% of claimants are in non-subsidised employment (see Table 7/3, below), with a similarly impressive outcome even for claimants considered to be distant from the labour market. That being the case, the noticeable decline in the use of Rehabilitation (see Graph 7/8, below) seems counter-intuitive. Indeed, it has been the subject of discussion in both the specialist and general national press in Denmark (Kommuner dropper dyr hjaelp til udsatte [Municipalities cut expensive help to the vulnerable], 6 June 2012, Ugebreveta A4,). Explaining this apparent contradiction –that a successful and long-running scheme is becoming seemingly

deinstitutionalised will tell us a lot about the dynamics of the institutionalisation of activation. This requires an examination of the interplay between funding, regulation and the central-local relations, and is discussed at length in the section 7.4.

Table 7/3: Percentage of overall Rehabilitation caseload in employment 12 months after leaving scheme, by total, Match 1 only and Match 2 only

	2007	2008	2009	2010	2011	2012	2013
Total	46	41.7	36.7	35	36.1	37.5	45.4
Match 1				39.1	42.3	45.8	55.8
Match 2				30.5	32.6	34	40.3

Source: Jobindsats databse. *Revalidering* database, choosing *Status 1, 3, 6 og 12 mdr. efter afsluttet forløb* and then *Match 1* and *Match 2* from *Matchkategori*



Graph 7/8: Number of participants on Danish activation schemes/Number of activated benefit claimants, by scheme/benefit, 2004-2014

Source: Jobindsats *Fleksjob* database, choosing *Antal personer* option*; Sygedagpenge , Ledighedsydelse, Revalidering, Forrevalidering,* and *Ressourceforløb* databases, choosing *Antal aktiverede* option.

7.2.3 Resource Scheme

Since January 2013, Disability Pension is for claimants under the age of 40 has in effect been abolished[43]. Instead of claiming DP, prospective claimants must instead be enrolled on a municipal Resource Scheme (*Ressourceforløb*). Claimants over 40 can refer themselves voluntarily. This is designed to be a multi-disciplinary, multi-actor development process that marshals a range of employment, education, social, and physical and mental health services to enable participants to move towards and eventually into employment. Participants can be enrolled for five years, with the possibility of a two year extension, and can enroll twice (Danish Government, 2012). As the grounds for DP have been that the claimant cannot be expected to work nor make movements towards employment, the target group for Resource Schemes are those very far from the labour market and are likely to have multiple and complex barriers to employment. Municipalities can draw on measures from both AEEA; the Social Services Act and the Health Act, and so the potential range of services on offer is very wide: training, education, psychotherapy, stress-management courses, assistance with housing problems, drug abuse treatment, voluntary and community work, and food and exercise courses. Though practice across municipalities varies, these seem mostly to be organised into different modules that the participant progresses through, each representing a step closer to employment. Some examples of the types of support available from a sample course catalogue published by the Southern Denmark Employment region to assist municipalities in setting up their Resource Schemes are given below in Table 7/4, along with details of their duration and cost.

43 To grant DP, the municipality must now demonstrate that no amount of support will help the claimant back into work, and the political expectation is that DP will only be granted to people under 40 in exceptional cases.

Table 7/4: Examples of Resource Scheme courses, with details of services offered, duration and cost

Course name	Services offered	Duration (hrs/week)	Duration (# of weeks)	Weekly cost (DKK)
Projekthuset Workshop Activities	Participant develops social skills through work in a sheltered workshop.	7	26	1250
Financial advice	Participant gets advice on personal budgeting and debt	3	10	375
Social Therapy	Talk therapy, Cognitive Behavioural Therapy, Mindfulness classes, in individual and group settings.	6	39	2500
Adult Education	Classes at adult education centre in IT, Danish, English, Mathematics, and classes for participants with special educational needs	25	26	1450

Source: Southern Denmark Employment Region (2012)

The Resource Schemes are an important development in Danish ALMP for sick and disabled people for several reasons. Firstly, they deal with a claimant population who until recently have been considered to be out of bounds for activation, partly because it was not considered reasonable for claimants with such extensive labour market barriers to be activated and partly because the appropriate measures or structures were deemed not to be available. The success of the pilot projects mentioned in section 7.1.4 appear to have changed these perceptions. Secondly, no previous scheme has brought together employment, health and other relevant areas in this way. Thirdly, it is a move away from the 'quickest route to employment' approach introduced by the *More in Work* reforms of 2002 in that it accepts that only relatively long interventions are likely to work for this group of people. Finally, the amount of government prescription and pressure for Resource Scheme to be used is unprecedented. Although municipalities can decide on the content and mix of services, the management of the schemes is prescribed: municipalities are legally obliged to establish a Rehabilitation Team formed of representatives from each of the relevant sectors (health, education, employment, social work). Again, by law, one of these becomes the participant's sole caseworker, an apparent reaction to complaints that vulnerable citizens were having to deal with multiple caseworkers, to the detriment of their progress to employment. Municipalities deemed not to be implementing schemes adequately have been rebuked by the Minister of Employment and set targets for enrolments onto RS, again an unprecedented move. (see, for example, ('Letter from Employment Minister to Rebild Municipality', 2013)As yet incomplete evaluations of Resource Scheme will show whether the schemes have been as intensive as the government originally envisaged. As the previous section noted, however, the municipal budgets for RS are around DKK 30,000 – about half that of Rehabilitation, but apparently considerably more intensive in terms of the range of services provided. Further – as section 7.4 shows – central government has previously found it difficult to incentivise municipalities to help sick and disabled claimants with multiple employment barriers, and RS will have to overcome the difficulties that previous efforts have had in this regard.

7.2.4 Flexjobs

Flexjobs is perhaps the most notable of Danish efforts to integrate sick and disabled

people into the labour market given its size (around 60,000 participants in 2013) and the extent to which it has been fêted elsewhere as a successful programme. People assessed as having sufficient capacity reduction and who find employment – or if a position is found for them by their municipal Jobcenter, which is obligated to help the claimant find a willing employer – have the right to their job being subsidised at a rate of 50% or 66%, depending on their level of capacity reduction. Flexjobs is aimed at those likely to experience the greatest difficulty in accessing employment. To be eligible for a Flexjob, the claimant must have a significant and permanent reduction in their working capacity, be unable to find non-subsidised employment and have had been unsuccessfully activated. The claimant is paid for a 37 hour week at minimum wage according to the relevant collective agreement, but will generally work less than this and/or in less stressful or less demanding roles. The cost incurred by the municipality is refunded at a rate of 65% from central government, previously 100% (1998-2003) (Høgelund & Pedersen, 2002) If there is no job available, or if they have left a job or been dismissed, the claimant receives Flex Unemployment Benefit. The Flex Benefit rolls have grown significantly over the period as the demand for Flex Jobs has outstripped supply. A similar scheme – Lightjobs (*Skånejobs*) – matches claimants of DP only to limited-hours (typically 5-10 hours per week) job opportunities, subsidised fully by the municipality (ibid).

As with Rehabilitation, whilst Flexjobs is designed to help people with capacity reductions than would otherwise mean employment on the open labour market would be very difficult, it, albeit implicitly, makes a distinction between a reduction in *capacity* and a reduction in *readiness* for work. Flexjobs offers no pre-employment support with training, skills, education, and so on, as applicants are expected to have made use of these services. Other than the health condition or disability that reduces their working capacity, their employability aside from this is assumed to be of a normal level.

As a large and long-running scheme, Flexjobs has been subject to extensive evaluation and there is some debate around the scheme's organisation and targeting, a short overview of which is worth giving here. Whilst qualitative analyses of participating claimants and employers report a good level of satisfaction with the scheme (Hohnen, 2000), wide variations in employer practice have been problematic: concern has been

raised that Flexjob holders are given peripheral roles and thus are not properly reintegrated into the ordinary practices of the workplace (ibid). There has long been a suspicion on the part of central government that municipalities are not targeting the scheme sufficiently at people who would otherwise have difficulty being employed, leading to high deadweight, and there does appear to be some good evidence for this. Given that Flexjobs are only supposed to be granted to people with significant and permanent reduction in working capacity, the outflow into the open labour market should be far lower than it actually is, around 45% (Danish Ministry of Finance et al, 2005). This has prompted concerns that the most in need of Flexjobs are either not being accepted into the scheme, or suffer from competition for employment from Flexjob subsidy holders who have greater capacity. This is supported by the fact that there has been concern about the high rate of unemployment amongst those assessed as being eligible for a Flexjob and the high level of additional employment barriers – low education and commitment to taking employment – amongst Flex Benefit claimants (Discus, 2005). Taken together, these appear to point towards flaws in the assessment and referral procedure for the scheme (Danish Ministry of Finance et al, 2005). Indeed, central government has come to suspect that there has been considerable gaming of the system by municipalities. Flexjobs are refunded more generously than the various non-employment benefits, for which there are also varying commitments to activate the claimants (ibid). This means that referring a claimant to a Flexjob is considerably less of a financial burden to the municipality than most other options. This is particularly acute in the case of SB claimants after 52 weeks, when the state reimbursement drops to 0%.

The large increases in the number of Flexjob holders and Flex Benefit recipients has been of increasing concern to policymakers, especially has it appears to have negligible impact on inflow in DP, a significant reduction in the number of DP claims being the principle aim of the policy (Danish Government, 2012). A series of incremental reforms in the 2000s preceded a major reform in 2013, whereby the hours floor was removed, so as to encourage the creation of Flexjobs for people for limited capacity; the subsidy period decreased from indefinite to 5 years – at which there is an eligibility re-assessment; the subsidy paid directly into the Flexjob holder's salary rather than to the employer, and restrictions on the payment of Flexjob subsidies to an employer for whom the beneficiary is currently working (Confederation of Danish

Industry, 2012). This latter provision is in response to the fact that around 50% of Flexjob awards go to people who are deemed to be at risk of leaving employment without a FJ subsidy, rather than those who are actually unemployed (Danish Ministry of Finance et al, 2005). Whilst the provision of support to people in work but deemed at risk of unemployment is not unusual in Denmark (AEEA measures can be offered to people in employment), this practice does appear to have been taken as evidence of bad targeting by central government policymakers. This is also the reason why the later sections of this chapter do not deal as extensively with FJ as might be expected from the size of the scheme as it used at least as much as a way of keeping people in work than getting people into work – only the later is the focus of this study.

7.2.5 Activation by right?: The legal and regulatory basis of a sick and disabled claimant's right to activation

The 'right and duty' (*ret og pligt*) to activation is an important concept in Danish activation policy. Most benefits confer a right to a minimum level of employment-related support and a duty – enforced by benefit sanctions to varying extents, depending on the benefit – to accept such support. The Act on Legal Security and Administration in Social Affairs (*Lov om retssikkerhed og administration på det sociale område*) is designed to ensure a citizen's rights when dealing with municipal social services and, to that end, establishes a series of general duties on municipalities to assist anyone who is – or may, without help, be – at risk of requiring public financial help for their subsistence. Any such person should have their employment-related needs assessed; an employment plan drawn-up in conjunction with the claimant themselves, along with other relevant stakeholders; and appropriate service providers.

Beyond this general commitment, the legislation governing the benefit claimed lays out some minimum rights to follow-up interviews, what services the claimant can access and how long services are provided for. Table 7/5, below, summarises these first two for SB and Flex Benefit with Unemployment Insurance and Social Assistance for comparison. Claimants of benefits which identify the claimant as having additional barriers generally provide longer access to activation than for UI and SA. For example, job training is offered for 4 weeks at a time for UI claimants, but for 13 weeks for most other groups, including SB claimants and participants of Vocational Rehabilitation, Resource Scheme and Job Clarification Scheme (AEEA § 44).

Table 7/5: Rights to follow-up and activation services by benefit

Benefit	Rights to follow-up and services
Sickness Benefit	*2006-2013* Category 1 and 3: Follow-up interview every 8 weeks Category 2: Follow-up interview 4 weeks *2013* Category 1: No compulsory follow-up. Category 2: Follow-up interview within 8 weeks, repeated every 4 weeks. One TTA offer. Category 3: As for 2, also referral to a Rehabilitation team and access to Learn to Tackle.
Flex Unemployment Benefit	Follow-up interview every 3 months and 6 weeks of training (from 2013. Previously follow-up only every 2.5 years)[44].
Unemployment Insurance	Standard offer after 13 weeks (<30 years old), 9 months (30+) or 6 months (60+) (AEEA §85, §87, §88). Further offers every 6 months after the completion of the previous offer (§89)
Social Assistance	Standard offer after 3 months, including literacy and numeracy support if needed (AEEA §92) Further offers every 6 months after the completion of the previous offer (§96). Claimant cannot go more than 12 months without participating in an activation offer.

44 (DUKH, n.d.)

The table above is a good illustration of how the benefit claimed can confer quite different rights to activation. Before (and after, to a lesser extent) changes in 2013, Flex Benefit claimants were entitled to far fewer follow-up interviews that UI, SA and SB claimants, and no activation offers.

The presence and widespread use of a complaints process is a good indicator of the extent to which there exists a right to activation. Claimants unsatisfied with the support they receive – either benefits or activation – can complain to their municipality and then refer their complaints to the National Social Appeals Board [*Ankestyrelsen*] for decision, and these are recorded for 2007-2012 and 2014[45] in Table 7/6, below. The picture is somewhat mixed. Rehabilitation in particular is the focus of a large number of appeals. Complaints about services due to Flex Benefit and SB claimants are low – between 27 and 41 out of between 20,000 and 70,000 activated SB claimants –
but this likely to be due to the fact that complaints about specific services SB, Flex Benefit and Rehabilitation claimants/participants receive – guidance and upgrading etc – appear in the data as complaints against AEEA services as a whole, where they are indistinct from all other complainants. The 2014 figures for Resource Scheme are reflect the level of controversy there has been about the launch of the programme; the inadequacies of services and the implementation of sanctions against RS participants: 456 complaints out of around 4000 participants.

Whilst on the whole the recorded rate of complaints is quite variable, it is worth noting that only complaints that are not resolved at the municipal level are referred to the Social Appeals Board. Relevant here is that a large number of appeals against municipalities to the Social Appeals Board by disabled people are upheld, much to the consternation of municipal leaders (*Formand for Kommunernes Landsforening: Borgerne får for tit ret i klagesystemet* [Chairman of the Local Government: Citizens can appeal too easily in the complaints system], 15 April 2011, Politiken.dk,) Taking these into account, the complaints service appears to be relatively well-used and robust.

45 2013 data is incomplete

Table 7/6: Complaints to National Social Appeals Board by benefit/scheme, 2007-2012, 2014

	2007	2008	2009	2010	2011	2012	2014
Sickness Benefit	27	37	41	27	32	23	
% of activated claimants	0.14%	0.13%	0.10 %	0.04%	0.06%	0.04%	
Rehabilitation (all issues)	804	756	742	1007	797	738	718
% of activated claimants	5.27%	4.56%	4.37%	6.13%	5.34%	5.52%	6.69%
Flex Benefit (all issues)	69	109	164	211	168	161	164
% of activated claimants	1.04%	1.17	1.38%	1.27%	0.98%	0.93%	0.93%
Flexjob (eligibility)	557	606	771	809	676	629	694
% of Flexjob employees	1.09%	1.06%	1.30%	1.36%	1.13%	1.04%	1.07%
Flexjob (all other issues)	101	97	142	117	119	134	117
% of Flexjob employees	0.20%	0.17%	0.24%	0.2%	0.2%	0.22%	0.25%
Resource Scheme (Rehabilitation Team)							424
% of activated claimants							10.6%

Sources: Complaints data – Danish National Social Appeals Historical Decisions database 2007-2009 [http://ast.dk/tal-og-undersogelser/nogletal-for-ankestyrelsens-afgorelser-pa-social-og-beskaeftigelsesomradet/historiske-tal] and 2010-2012 [http://ast.dk/tal-og-undersogelser/nogletal-for-ankestyrelsens-afgorelser-pa-social-og-beskaeftigelsesomradet/historiske-tal], selecting 2.2.3; 3.11; 3.13, 4.6 and 4.7 under *Lovgrundlag* and *Afgjorte sager I alt* under *Afgørelsestype.* Danish National Social Appeals Current Decisions database 2013- [http://ast.dk/tal-og-undersogelser/nogletal-for-ankestyrelsens-afgorelser-pa-social-og-beskaeftigelsesomradet/afgorelser], selecting 3.1.21; 3.1.23; 3.2.6; 3.2.9 and 3.2.10 under *Lovgrundlag* and *Afgjorte sager I alt* under *Afgørelsestype*

Caseload data – As for Graph 7/8

Whilst it appears that there is a strong legal and regulatory basis for access to activation for sick and disabled claimants, there are some caveats to add. Though legislation conveys rights to access general support, access to specialist schemes is *not* by right. Access to Rehabilitation, and Flexjobs is essentially at the discretion of the municipality once it has made its own assessment of the severity of the claimant's reduction in work capacity and the likelihood of the claimant being able to return to work with the assistance on offer. Further, this system of rights is overlaid by an activation management regime – the Match Category system referred to previously and examined in length at the start of the next section – in which the intensity of the activation provided is determined by an assessment of the claimant's distance from employment. While this can and does serve to reinforce vulnerable claimants' rights, it is subject to gaming and serve to undermine them, as the next few sections of this chapter show.

7.2.6 Conclusions: scope of the activation offer

Until relatively recently, it can be argued that sick and disabled non-employed benefit claimants had access to an activation offer than was – albeit depending on how the claimant was categorised by the municipal authorities, an issue that is examined more closely in the next section – fairly generous in the amount of support offered and the length of time it was offered for, though at the same time narrow in the terms of the employment barriers tackled and thus range of claimants who were usefully able to take advantage of them.

Especially if a claimant applies for Sickness Benefit, the activation offer is made very soon after the benefit claim, and it is seemingly fairly service-rich. As well as basic jobsearch support that would be expected, the claimant can be provided with re-training for a new job better suited to their needs, acquire new qualifications and be re-introduced to employment via a job traineeship or subsidised employment. The activation offers are generally made for an appropriately long period of time given that sick claimants may need to take a gradual route back to work. The majority of Rehabilitation participants are on the scheme for more than 12 months and job subsidies can be offered for year, and Flexjob subsidies in practice were available for an indefinite period until recently. Notable also is the range of incapacity catered for.

In the guise of Lightjobs, for example, there is a strategy for even very small amounts of work capacity to be harnessed. Although access to most schemes is discretionary, access to employment assistance interviews and some support is enshrined in law and backed by a seemingly robust appeals process, although the legal guarantee does differ notably between benefits.

Crucially, though, all these offers – cater to a range of capacity reductions as they might – still tackle a relatively narrow range of barriers and assume a relatively high level of work readiness and employability. The offers of retraining and re-qualification only really help the claimant manage their health condition or disability by helping them access a different type of employment: they do not intrinsically provide support to the claimant for many of the other barriers we know such people develop when out of work. Further, they assume a relatively high level of functioning – i.e. the claimant's ability to engage what can be very demanding courses. Whilst job subsidies in the form of Flexjobs and Lightjobs might help ease the transition back into employment by helping shift employer incentives in the claimant's favour, they otherwise assume that the claimant is basically an attractive prospect to the employer: with the requisite skills, experience, attitudes, and so on. Most notably, health-related support has hitherto not played an important role. None of the activation offers provide support for the claimant to deal with their health conditions in an employment context and claimants with serious health issues are usually classed in the 'temporary *passive*' Category 3.

The changes from 2013 appear to signal a major shift in this regard and indeed were introduced partly due to concerns that activation was not sufficiently inclusive of the broadest range of sick and disabled workless people. The new Sickness Benefit regime is very clearly structured towards connecting claimants up with health support – albeit of a seemingly ancillary, complementary and health management nature – and a range of additional services across the health, education, employment and social sectors. This new multidisciplinary[46] approach that focuses on all aspects of the claimant's disconnection from the labour market is most clearly reflected in Resource Scheme, which is explicitly focused on people who would otherwise receive Disability Pension – those most distant from the labour market and those who would appear to

46 A term now used *ad nauseum* by seemingly all Danish activation stakeholders when discussing activation.

be the hardest to help.

These two new schemes are too recent to make any meaningful examination of their institutionalisation. However, it is possible to look at the other policies discussed to look at how they have developed. Whilst this section has drawn some initial conclusions about activation of the target group and found that – not withstanding the comments about the narrow focus of Danish approaches – they are relatively well-developed, this has been mainly read off from formal statements of policy, which is as far as most other English-language analyses of Danish sick and disabled activation policy have gone. However, as per the discussion in Chapters 2 and 3, to get a fuller picture of institutionalisation, we need to examine a range of other sources of evidence and look at other factors: using activation register data and stakeholder interviews to look at how claimants are sorted and selected for activation; how it is funded; the incentives of the actors involved and how and how effectively it is steered from the centre. These issues are the purview of the next two sections.

7.3 Sorting and selecting for activation

7.3.1. Mainstreaming and the organisational reform

Starting in the early 2000s and running into the period of interest, there was a gradual movement in Denmark to deal with sick and disabled people increasingly in an employment context, rather than purely through social services. The procedure for SB claimants had been long established, but increasingly DP claimants were assessed for their employment chances by local employment officials so that nobody could claim long-term benefit for reasons of sickness or disability without being made to reconsider work:

> One of the reasons to move it [assessment of DP applicants] from the social area to the employment sector was that you [the Jobcenter official] should be able to know something about the labour market and you should be able to come up with the right solutions for the right persons. In a way we have not succeeded in that. It was also about making sure that before you got your disability pension you should have been tested to see if you could maintain your, or gain a, position on the labour market through any of the existing support systems. The collection of information about the person and their capabilities should be done close to the labour market and not in the social department away from the labour market because then there would be a lot of other issues taken into consideration instead of your ability to be employed and to work. So that was also one of the purposes of taking the responsibility of the social sector to the employment sector.
> **Senior DPO Representative, interview May 2012**

This was formalised in the structural reform process between 2007 and 2009, whereby all claimants of any benefit, regardless of their insurance status or reason for claim, are processed through a single municipal Jobcenter, replacing separate municipal and state institutions for non-insured and insured claimants, respectively. This is known as the 'One string' or 'One track' system. Several reasons explain this shift: that sick and disabled claimants' employment potential was being ignored in favour of a focus on their social needs (and, conversely, that supposedly work-ready groups had social, health or other barriers that were not being addressed), and also that the two tier system let to tiers of quality in terms of support, with insured clients of the state system getting a superior service (Carstensen & Pedersen 2008).

Thus, from 2009 onwards (when the structural reforms were completed an all municipalities had a Jobcenter), sick and disabled claimants accessed support through

the same system and – in many cases – alongside one another, albeit subject to different rules. Denmark has thus developed a hybrid system somewhere in between a pure mainstream system where there are no distinctions between jobseekers and a purely specialised approach where different groups of non-employed are activated on separate programmes. As such – and in in line with Mabbett (2003) – interviewees were generally positive about the chance for sick and disabled claimants to access a broader range of services than just specialist ones, but that it has not had the intended impact for the full range of claimants, a theme that emerged earlier in the discussion about the range of services, and one which will recur again in the next section. Claimants who had multiple employment barriers generally have not had good experiences, according to the stakeholders interviewed:

> I think that the Danish approach to dealing with persons who are unemployed has changed from a twin track approach where you have persons with disabilities in one track and persons without disabilities in another track to being more common track where everyone should be dealt within the same system. The perception that if we use the same ordinary system then we can tackle this because it is not about disability, it is about barriers, attitude, knowledge, but at the end of the day it has made no difference because the numbers of persons who are or are becoming unemployed are still the same, you just move from one box to another. From our perspective this approach has not benefited the rate of persons with disabilities in the labour market except for those who are become more so called 'normal', persons with physical disabilities who are easy to deal with, if you have a good education and you are sitting in a wheelchair you can be put anywhere but if you are visually impaired or have a psycho-social disability you can definitely not be here.
> **DPO Researcher, interview September 2012**

In particular, respondents from the Danish disabled people's movement reported that there had been a hollowing-out of specialist services in the move towards the one-string system, despite the opposite being the aim. The civil servant former head of the Jobcenter network confirmed as much in an interview:

> Our idea was that with the municipal reform you got bigger and stronger municipalities that should have the capacity to have these special institutions with special job rehabilitation treatments. We discussed this with the municipalities at that time and some, for instance Copenhagen, said 'yes, we have the capacity to take over the counties' special institutions' whereas others said they didn't have the capacity but would cooperate with others and establish a cooperative institution so that five or so municipalities supported these institutions together. But it only happened in a very few cases and this has meant that the difference in access to these special institutions has increased, and in some municipalities they provide you with something because they have to but it is not high-standard specialist support. I think that it is a problem that we have to deal with.
> **Former Senior Jobcenter civil servant, Interview, September 2012**

This is very much in line with two surveys conducted by the Danish National Council of Disabled Persons' Organisations [*Danske Handicaporganisationer*, DH] and a Gallup poll by a consortium of trades union;, DH and the Danish social workers' association (*Danskerne: Handicappede har fået det sværere efter kommunalreformen* [Danes: Disabled people have had it more difficult since the municipal reform], Folkskolen.dk, 16 April 2013). Both the 2012 survey of DPOs (*Handikappede dumper kommunerne* [Disabled criticise municipalities], Politiken.dk, 13 September 2012) and the 2013 survey of 800 disabled service users (*Handicappede føler sig svigtet af kommunalreformen* [Disabled people feel let down by the municipal structural reform], Folkskolen.dk, 13 May 2013) found that the restructured municipalities provided significantly poorer services and reduced capacity across a whole number of sectors, including employment services. There was considerable agreement on the fact that specialist services that had been offered by the former counties or by the state had been hollowed-out in the movement towards the fully municipal, one-string system (ibid).

The mainstreaming v specialist perspective (Mabbett 2003; Evans 2001) suggests that mainstreaming organisational reforms like those implemented in Denmark risk increasing competition between sick and disabled claimants and other groups for services, and there does appear to be some evidence of this. Claimants of any benefit can be considered for Flexjobs, Rehabilitation and other specialist schemes and so there is a possible risk. As described in the discussion of Flexjobs, there appears to be a very wide divergence in referral procedures, whereby some municipalities refer people to Flexjobs without a proper assessment of the severity of their needs, resulting in the squeezing out of people with severe capacity reduction, resulting in high Flex Benefit rolls, with that benefit offering fairly limited activation. Similarly, as the next section describes, the rules around SB mean that there is gaming around the removal of SB recipients to other schemes and benefits, at the cost of claimants with longer non-employment histories.

7.3.2 Sorting and selecting for activation

Given that Denmark generally does not use the benefit status of the potential participant to adjudicate access to activation or benefit status as a proxy for work readiness, the Match Category [*Matchkategorier*] or Match Group [*Matchgruppe*] is used for these purposes. It is a central aspect of the organisation and implementation of Danish labour market policy in general and also of the sorting and selecting of claimants for activation in particular, and so it is worth describing its design and operation in some detail.

Until 2007, claimants were classed into five categories based on their degree of 'match' with the needs of the local labour market. This was based on their primarily on an assessment of their skills,;qualifications; health; work attitudes and their financial situation (Danish Labour Market Authority, 2011) and claimants were graded from categories 1 (Immediate Match – *Umiddelbar Match,* meaning claimants could enter work immediately) to 5 (No Match – I*ngen Match* – claimants who had employment barriers such that they were not suited to work available in the local area and were unlikely to be able to do so). This was scrapped as part of the 2007-2009 structural reforms, partly because it was too open to interpretation and produced nonsensical divergence[47] between municipalities and also because it did not take into account the new groups of claimants who were now the responsibility of the municipalities (Danish Labour Market Authority, 2009b).

47 Nonsensical in that municipalities with similar labour markets had very different match category distributions

Table 7/7: Old Match Category System, 2004-2009

Match Category	Description
1 – Immediate Match	Jobseeker's skills and resources are compatible with the performance of job functions widely existing in the ordinary labour market. Jobseeker may have qualifications and skills within bottleneck areas of the labour market.
2 – High Match	Immediately matching the labour market requirements to a significant extent. The jobseeker's skills and resources are highly compatible with the performance of job functions widely existing in the ordinary labour market. There may, however, be a slight lack of match, such as missing specific qualifications or similar.
3 – Partial Match	Only partially matching labour market requirements. However, the jobseeker will be able to perform job functions existing to a certain extent on the ordinary labour market.
4 – Low Match	Limitations in skills and resources that are so significant that jobseeker will not immediately be able to perform job functions on the ordinary labour market. Ability to work is currently so reduced that there are few jobs that match the jobseeker's capacity and skills.
5 – No Match	Limitations in skills and resources are so extensive that jobseeker does not currently have the ability to perform job functions on the ordinary labour market.

Source: Danish Labour Market Authority (2011)

Though the Match terminology remains, the new system instead categorises claimants into three groups on an assessment of their time it will take to return to work and, if they are judged not likely to return to employment within three months, whether they can usefully take advantage of activation. The Match System has a whole number of uses in labour market policy. It determines the minimum support claimants are due and it is used by municipal benefits and activation staff as a guide to what and how much activation support should be provided beyond the legal minimum. It also dictates what extent and types of conditionality is to be applied.

Claimants assessed as being ready for work within three months are put in Match Group 1 and thus have applied to them the most stringent job-search requirements: they are required to be ready for and actively seeking employment and need to testify to that fact on a weekly basis, as well as attending a meeting with a caseworker at least every three months and taking part in employment-related support. Unemployment Insurance and Social Assistance claimants with no major barriers are typically placed in Match 1, as well as disabled people waiting for a Flex Job and people temporarily out of work due to a straight-forward health condition with imminent recover expected. People not considered to be ready for work within three months but capable of participation in active measures are placed in Match Group 2, with requirements to take part in such programmes and meet an advisor every month. Claimants with substance abuse problems; moderate to serious mental health issues or other serious health conditions are typically placed in this group. Match Group 3 claimants receive interview-only courses of support meant to identify when in future the claimant could progress to the other two groups, and municipalities offer further employment support at their discretion, but there is no actual right to AEEA support. People assessed as being eligible for DP or those with serious, long-term health conditions are assessed into this third group. Table 7/6 below, lays out the classification criteria, rights to activation and conditionality for each Match Group.

Table 7/8: Match groups by classification criteria, example claimants, services due and obligations on claimants, 2009-2013

	Match 1: Job-ready	Match 2: Activation-ready	Match 3: Temporarily passive
General classification criteria	• Likely to be able to return to open labour market within 3 months	• Unlikely to able to return to open labour market within 3 months, but capable of participating in employment-focused activities. • Claimants at risk of long-term exclusion from the labour market	• Unable to return to open labour market or participate in employment support.
Benefit/Scheme classification criteria	• *UI:* Can take work up to full normal working hours • SA: Can take within 3 months an ordinary job of sufficient hours that they do not need public support. • *Flex Benefit:* Can take a Flexjob within 3 months. • *SB*[48]: Clear case – Expected to be in work within 3 months • *Rehabilitation*: Registered in activation and likely to complete in 3 months.	• *UI*: N/A. • *SA/Flex Benefit*: Claimant unlikely to return to return to work within 3 months but capable of participating in activation. • *SB:* Risk case – Likelihood of permanent reduction of work capacity and/or there are uncertainty about diagnosis. • *Rehabilitation:* Following the planned Rehabilitation plan but not likely to complete within 3 months. • *Disability Pension*: DP applicants awaiting a decision.	• *UI*: N/A. • *SA and Flex Benefit*: Claimants with sufficient employment barriers that they are not expected to be able to work or take part in activation, though they can accept activation offers. • *SB:* Long-standing case – Seriously, long-term ill. • *Rehabilitation:* N/A • *Disability Pension*: DP eligible.
Services/support typically due to claimant from	• Contact interview every 3 months • Creation of a Jobplan specifying employment goals and contribution	• As for Match 1 except Contact Interview is every 4 weeks for Sickness Benefit claimants.	• Support under Active Employment Efforts Act – except contact interview every 3 months

48 The Match system for Sickness Benefits is technically separate from the system for all other benefits/programmes. As from 2014, a new intervention regime separate for that for other benefits/programmes operates (see 7.2.1)

municipality hours	of Activation offer to them. • Right to independent advice and to complain • Activation offer under Active Employment Efforts Act (AEEA) lasting at least 25 hours a week/5 hours a day for at least 4 weeks, recurring every 6 months: ◦ Guidance and qualification upgrading ◦ On-the-job the training ◦ Subsidised job	Additionally; • Rehabilitation offer under Active Social Policy Act (chiefly services available under AEEA and support to become self-employed) • Flexjob	–not routinely offered. • Under Social Services Act, municipalities must provide: ◦ Sheltered employment to claimants with significantly reduced physical or mental health. ◦ Physical and mental health treatment for claimants with serious health problems. ◦ Drug treatment within at least 2 weeks
Obligations on claimant	• Register for and have a current CV on Jobnet.dk. • Confirm job seeking on Jobnet.dk every week. • Accept offers made under Act of Active Employment. • Participate in contact interview	• Accept offers made AEEA. • Participate in contact interview	• Participate in contact interview

Source: Danish Labour Market Authority (2009; 2011)

In terms of the institutionalisation of activation, the Match system appears to support this end to a significant extent. Firstly, splitting claimants into the three categories appears to create a relatively clear framework within which the municipality can apply measures to help claimants progress towards through each group and then into work. Secondly, it clearly has been designed to produce a targetting of support on claimants most in need of it, with the most intensive efforts being made for Match 2 claimants and to avoid creaming of the easier-to-help claimants.

Thirdly whilst it is not stated anywhere explicitly, a motivation behind the change from the old to the current system in addition to those already mentioned is likely a desire to increase the total proportion of claimants subject to some kind of activation. The threshold for being subject to some programme participation – i.e. in at least Match 2 – is only that the claimant can take part in at least some support (this is kept vague and, interestingly and perhaps surprisingly, the municipality does not even have to have appropriate services available[49]) and thus appears to be much lower than in the old system. Indeed, at least 84% of all claimants of the active sick and disability benefits are in Match 1 or Match 2 and thus eligible for activation. In 2013, 347,000; 26,925 and 12,900 and 2,360 claimants/participants of SB; Flex Benefit; Rehabilitation and Pre-Rehabilitation (respectively), were eligible for activation, in addition to the 60,000 holders of Flexjobs[50].

49 Danish Labour Market Authority 2011, p.19: "It is not a decisive factor [for inclusion in Match 2] that the job centre currently has the right programme for the citizen but that the person has the necessary resources to take part in a programme"

50 Jobindsats *Revalidering, Forrevalidering, Sygedagpenge* and *Ledighedsydelse* databases, choosing *Antal personer* option. Then choosing *Match 1* and *Match 2 from* Matchgruppe.

Table 7/9: Claimants/participants classed as Match 1 or 2 a percentage of total, by benefit/programme, 2010-2013[51]

	Sickness Benefit	Pre-Rehabilitation	Rehabilitation[52]	Flex Benefit
2010	88.5	92.9	100	87.1
2011	90.2	94.5	100	84.4
2012	90.7	94.5	100	85.2
2013	91.5	96	100	88.4

Source: Jobindsats database. *Antal aktiverde* option of *the Revalidering, Forrevalidering, Sygedagpenge* and *Ledighedsydelse* datasets, selecting all options under Matchkategori. Add *Match 1* and *Match 2*, divide by *Matchkategori i alt*, then multiply by 100

Regarding the research question about whether there are mechanisms that channel different types of claimants towards different types of activation, there does appear to be an element of this, but is difficult to pin down precisely as data on the benefit background of programme participants is not routinely available. As was noted previously, measures are organised rigidly in order of the intensity of support they offer and claimants must demonstrate that other measures offering less intensive and usually less costly support have not or will not work in order to access them. This should, in theory, ensure that claimants are channelled to the right type and intensity of support. Whether this actually is the case is examined in the next section.

However, a paradox here – it has been noted several times before but it is worth re-emphasising – is that whilst very intensive support intended for those with extensive needs is available, this also is very demanding support in terms of the participant's involvement and often assumes fairly high skills; motivation; health, and so on. Claimants who have extensive employment barriers but not able to take part in such support are, by the Match rules, sorted into Match 3 and thus not selected for activation, with limited rights to support beyond interviews are nil, although municipalities can and some do provide activation efforts. This is a small but significant group – around 5% - 10% of claimants depending on the benefit scheme, see Chart 7/7, above. It is important to remember, however, that until 2013 the same applied to all ~240,000 DP claimants, who could not access activation (except Lightjobs) whilst claiming DP, and were required to suspend their claim in order to do so.

51 Data as above, adding Match 1 and Match 2, dividing by total and multiplying by 100.
52 Match 3 claimants cannot access Rehabilitation

A final caveat to add is that this discussion has been in theoretical, ideal terms. Although the Match system described here in theory affords access to activation to a large group of claimants and the activation offer is potentially rich and generous, the account here does not tell us whether this is *actually* the case – whether such a large number of claimants do in fact get this support. This has a lot to do with the steering of municipalities by the centre and the operation of incentives and steering tools. These issues are the focus of the next section.

7.4 Regulating and securing activation

This section moves the discussion on from a description of the activation mix and how claimants are sorted and selected for activation to a more dynamic discussion of how these factors interact with the regulation and steering of activation by central government to produce the depth and security of activation. That can then be used to come to a final conclusion about the institutionalisation of activation for sick and disabled claimants in Denmark.

7.4.1 Steering tools and incentive systems

This section examines how successfully Danish central government has been able to secure the rights of sick and disabled benefit claimants to activation support that were described in the previous section. As was intimated previously, the existence of a set of rights to activation is unlikely to be enough to ensure that claimants receive appropriate support. The literature on the activation of marginalised groups suggests that a formal legal guarantee is not sufficient and this needs to be backed by the existence of one or more tools – financial incentives or sanctions, most notably – and the political will to use them. The specific history of activation and central-local relations in Denmark – a flavour of which was given in Chapter 6 – also suggests that looking at how central government is able to influence local government is key to assessing how well Danish governments' employment and welfare policies are institutionalised.

The earlier section on political commitment established that Danish governments have generally been willing to use their various tools at their disposal to promote activation for sick and disabled non-employment benefit claimants. This section examines in some detail[53] whether it has been successful in doing so. On the whole, this does appear to the case. There are generally stronger incentives to have claimants in activation rather than not, and these incentives appear to be especially strong for Sickness Benefit claimants. However, the complexity of the system means that rules are sometimes not clear – denting their impact – and there is substantial evidence to suggest that the financial incentives work less well for sick and disabled

53 Entirely necessary detail as the funding and monitoring of activation and benefits is notoriously complex.

claimants considered the hardest to help. Attempts to influence the *type of* activation – as well as the amount – towards measures which take place within workplaces appear to have had a significant – albeit unintentionally – negative impact on the activation of claimants considered further from the labour market. On the whole, it appears Danish governments have found it difficult to govern active labour market policy in a way that promotes activation for the *full range* of sick and disabled claimants, in particular claimants with both capacity reductions and other employment barriers.

The funding of activation is the primary way for central governments to steer municipal implementation of ALMP. There are several elements to funding that allows it to do this. Firstly, costs incurred for spending on benefits and activation are refunded by central government and refunds are almost always more generous when the claimant is enrolled in an activation programme than not. Governments have also used the refund to encourage use of certain types of activation, discussed in more detail later in this section. Table 7/10 below, shows the difference in the refund of municipal costs for passive periods and for the two broad categories of activation. An additional element to the refund system is that refunds are only made up to a given cost ceiling (*driftsloft).* This is calculated by adding together the total number of claimants of UI, SA, SB, Flex Benefit and Rehabilitation allowance and multiplying it by a fixed cost determined in each annual budget round (DKK 14,000 in 2013/14; KL.dk, 2013). Municipalities are thus free to prioritise activation spending between target groups. Certain costs are exempt from the ceiling – i.e refunds according to the given rate is unlimited – and many of these are related to some kinds of spending on sick and disabled groups (Slotsholm for Danish Labour Market Authority, 2010).

Incentives are strengthened by reducing refunds over time and then ending refunds after a given period. Refunds cease entirely for Sickness Benefit after 52 weeks and after 18 months for Flex Benefit.

Statutory interventions usually attract a financial sanction if delivered late, or not at all. The refund for the period drops to 0% if interviews are not provided for Sickness and Flex Benefit claimants but no sanction applies to activation services delivered late or not delivered. For comparison, 100% sanctions apply to interviews and other interventions for Social Assistance claimants and to other interventions

only for Unemployment Insurance claimants (Slotsholm for Danish Labour Market Authority, 2010).

Table 7/10 Overview of reimbursement rates for benefit, activation and job subsidies Source:

Group	% Refund: Not activated	% Refund: Activation in education and workplace	% Refund: Other activation
Unemployment Insurance (weeks 1-4)	100	100	100
Unemployment Insurance (weeks 5+)	30	50	30
Social Assistance	30	50	30
Sickness Benefit (weeks 1-4)	100	100	100
Sickness Benefit (weeks 5-8)	50	50	50
Sickness Benefit (weeks 9-52)	30	50	30
Sickness Benefit (weeks 53+)	0	0	0
Flex Unemployment Benefit (months 1-18)	30	50	30
Flex Unemployment Benefit (months 18+)	0	N/A	N/A
Rehabilitation	30	50-65	30
Fortidspension	30	N/A	N/A
Job subsidies			
Unemployment Insurance		50	
Social Assistance		50	
Sickness Benefit		50	
Rehabilitation		65	
Flexjob		65	
Sparejob		50	

Source: Carsten Koch Committee (2014), p.72-73

Together, these appear to create a strong incentive for municipalities to provide activation. As table 7/9, below, shows, there is particularly strong incentive for successful interventions for SB claimants, second only to UI. Further, and importantly given the issue of creaming and parking, there is also a general principle[54] that it is cheaper for the claimant to be registered in activation than not, regardless of whether those claimant will benefit from it such that they will gain employment.

However, these incentives are not universal or uniform. They are less strong for Flex Benefit and Disability Pension, see Table 7/11, below. Indeed, given that Flex Benefit claimants are expected to be actively seeking work and that DP claimants are by definition passive and not subject to activation, the fairly small difference between the two is surprising. Relayed in detail in the next section, this is consistent with what interviewees said about the activation of claimants considered further from the labour market.

Before moving on, it is also worth pointing out that all these figures are very much average figures. They – and therefore their impact – will vary depending on the activation needs and therefore the costs of activating the claimant.

Table 7/11: Impact on public finances on of a claimant entering work, by main out-of-work benefits in 2012

	Saving on benefits and activation	**Tax revenue**	**Total gain**
Unemployment Insurance	110,000	170,000	280,000
Social Assistance with conditionality	110,000	125,000	235,000
Social Assistance without conditionality	90,000	125.000	215,000
Sickness Benefit	105,100	170,000	275,000
Flex Benefit	105,100	125,000	230,000
Disability Pension	95,000	125,000	220,000

Source: Carsten Koch Committee (2014) p32

54 Not always fully realised (see below)

7.4.2 Effectiveness of steering tools

Most interviewees argued that the funding of benefits activation does generally provide a strong incentive to provide a minimum level of support. There was particularly strong agreement that the refund sanctions for late or non-delivery of services ensured that most claimants got at least their basic rights to support as enshrined in legislation:

> There is an obligation and a legal right to be in an active measure so nobody can be left out of an active programme. That means you have to be out there in something – you cannot just go home and claim – and if the municipalities do not provide these measures they lose part of their reimbursement. If you don't follow up on them the municipality loses part of their economic compensation from the state and that means they have to pay more for the benefits. They think they are punished and they are unhappy with the situation but we say well we are not paying you for not doing what you are supposed to do: you get the reimbursement because you are doing something.
>
> We have a big quarrel with the municipalities over this. […] They are trying to make the minister and the government change this because they say that we all have the same interests in getting people out so why should there be this rigid system. I am of the old school and think if they don't have to do it they won't. Especially those who have complicated problems then they will cream and offer support to those who can do something and those who have really complicated problems they will leave them alone. So in my view it would be counterproductive if we eased up. […] We have to listen to their arguments but personally I think that we need to have some minimum criteria. It is also a way *to secure the rights of the individuals.*
>
> **Regional Labour Market Authority Director, interview, August 2012**

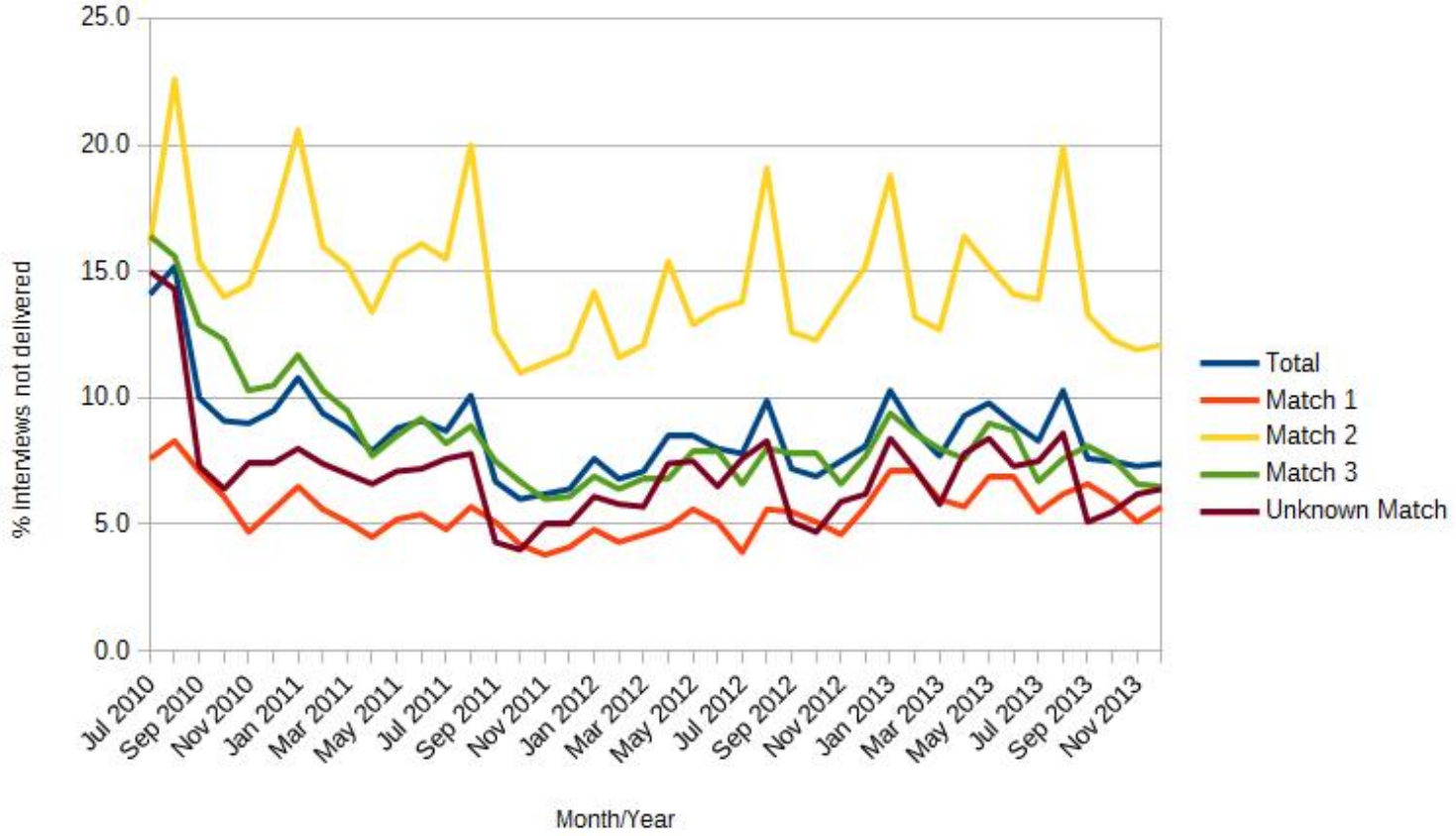
This is corroborated by a review of economic steering of employment services done for the Ministry of Employment, which found that most Jobcenter staff saw it as a way of securing support, especially for the most vulnerable claimants:

> The financial penalties […] act as a safety net. In the absence of rules, resources would probably be moved from employment effort to more high-profile municipal policy areas. The timeliness is a requirement for a certain minimum production. It may be tempting for local politicians to move money and employees from the less visible employment area to one of the areas that may affect the outcome of the next election. Punctuality requirements and the associated potential economic losses for non-compliance makes it costly to shift resources away from the Jobcenter.
>
> **Slotsholm for Danish Labour Market Authority (2010), p.31**

The is for the most part consistent by the data available on the percent of interviews not meeting the statutory standard (not delivered or delivered late). For Sickness Benefit[55] over the period for which data is available, this has declined to 10% or less

55 Data is not recorded for other groups

overall and for all Match groups, with the exception of Match 2 claimants, which varies between around 20% and 12% (see Graph 7/9, below).



Graph 7/9: Percent of Sickness Benefit interviews not meeting legal standard, by Match Group, July 2010 – November 2013

Source: Jobindsats *Sygedagpenge,* database, choosing *Opfyldelse af minimumskrav til opfølgningssamtaler*

The reduction of refund over the time of the claim was similarly regarded as very effective at encouraging municipalities to provide support. With regard Sickness Benefits, this is particularly strong because, until 2013, central refunding ceased after 52 weeks. All municipal representatives interviewed were very clear about the importance placed locally on getting SB claimants back to work:

[Regarding Sickness Benefits] The Jobcentre has an economic incentive to find a solution for me with[in]a year. In the past many jobcentres waited and when we were getting closer to the year and then making all kind of measures. Now-a-days incentives have been created so the Jobcentre looks for measures before that. Generally people who are on sickness benefit are not left alone – the Jobcentre is obliged call people for interviews very soon and as soon as it is possible to send people on a programme, they do.
Jobcenter official, Copenhagen, interview September 2012

There are, however, two caveats to add to this positive picture. Firstly, there was a consensus amongst the interviewees that the strength of the incentives to assist SB claimants had a crowding-out effect on sick and disabled claimants of other benefits. They said that they were frequently able to get more staff and resources for SB case management as they could easily make a business case for it because of the reimbursement system for SB, and that this came at the cost of other groups, for which as good as case was not possible to make. This is corroborated by the respondents in Svarer and Rosholm's similar study for the Danish Labour Market Authority and some of the evidence presented in the next section on support for the hardest-to-help:

Everywhere [all the municipalities in the study] there has been talk that the additional caseworkers have been hired within the Sickness Benefit area. The explanation is that they have been able to convince the municipality that it would be a good business for the municipality to make such an investment. The political and administrative focus is so unique for sickness means that work with other beneficiaries are more neglected.
Slotsholm for Danish Labour Market Authority (2010), p.33

Secondly, there appears to be a strong element of gaming in transferring claimants who are unlikely to enter work soon to other benefits in order to get them off the SB register and avoid penalties:

It is easier to get a pension when the limit is approaching. In the same way, we put people on social assistance, or back on Unemployment Insurance when the duration limit is approaching. Or they will be granted flexible working arrangements [a Flexjob]. Our job is to

close cases. We do as the boss says. 'Out with them': they shouldn't show up in the [Sick Benefit] numbers.
Municipal Sickness Benefit Caseworker, quoted in Slotsholm for Danish Labour Market Authority (2010), p.34

Though this is obviously controversial in the sense that claimants may be transferred to a lower-rate benefit simply to protect the municipal budget, in terms of activation, the incentives to activate seem to be preserved. It is still better financially for the municipality to transfer the claimant to another benefit and provide them with activation than not, and transferring the claimant to Disability Pension – by definition, DP claimants are not activateable[56] – is the least attractive solution financially (see table 7/12, below).

Table 7/12: Annual cost of benefits and savings compared to payment of Sickness Benefit beyond one year

	Benefit cost (DKK)	**Saving**
Sickness Benefit (53 weeks+)	196,000	N/A
Disability Pension	127,000	68,000
Flex Benefit (passive)	116,000	80,000
Social Assistance (passive)	85,000	111,000
Rehabilitation	68,000	127,000
Flex Benefit (active)	62,000	133,000
Social Assistance (active)	46,000	150,000

Source: (Carsten Koch Committee, 2014)

56 If I can be permitted to coin a phrase

However, the benefit flow figures tell a different story (see table 7/13, below). A very high proportion outflow to Disability Pension and to Social Assistance. The former certainly would not be expected from simply reading-off from the table above. Exit to DP is even more prevalent at 52 weeks. Of all claimants who left Sickness Benefit for another benefit after 52 weeks between 1999 and 2008, 43% exited to Disability Pension (Slotsholm for Danish Labour Market Authority, 2010). As DP claimants do not have access to activation, this should be considered negatively when assessing the institutionalisation of activation. Even if claimants are moved to a benefit where they can be activated, the next section shows that the incentives to provide activation – especially if they are considered hard-to-help (which they likely will be if they have already been on benefits for 1 year) – are not as strong.

Table 7/13: Exits from Sickness Benefit to other benefits (2005/06)

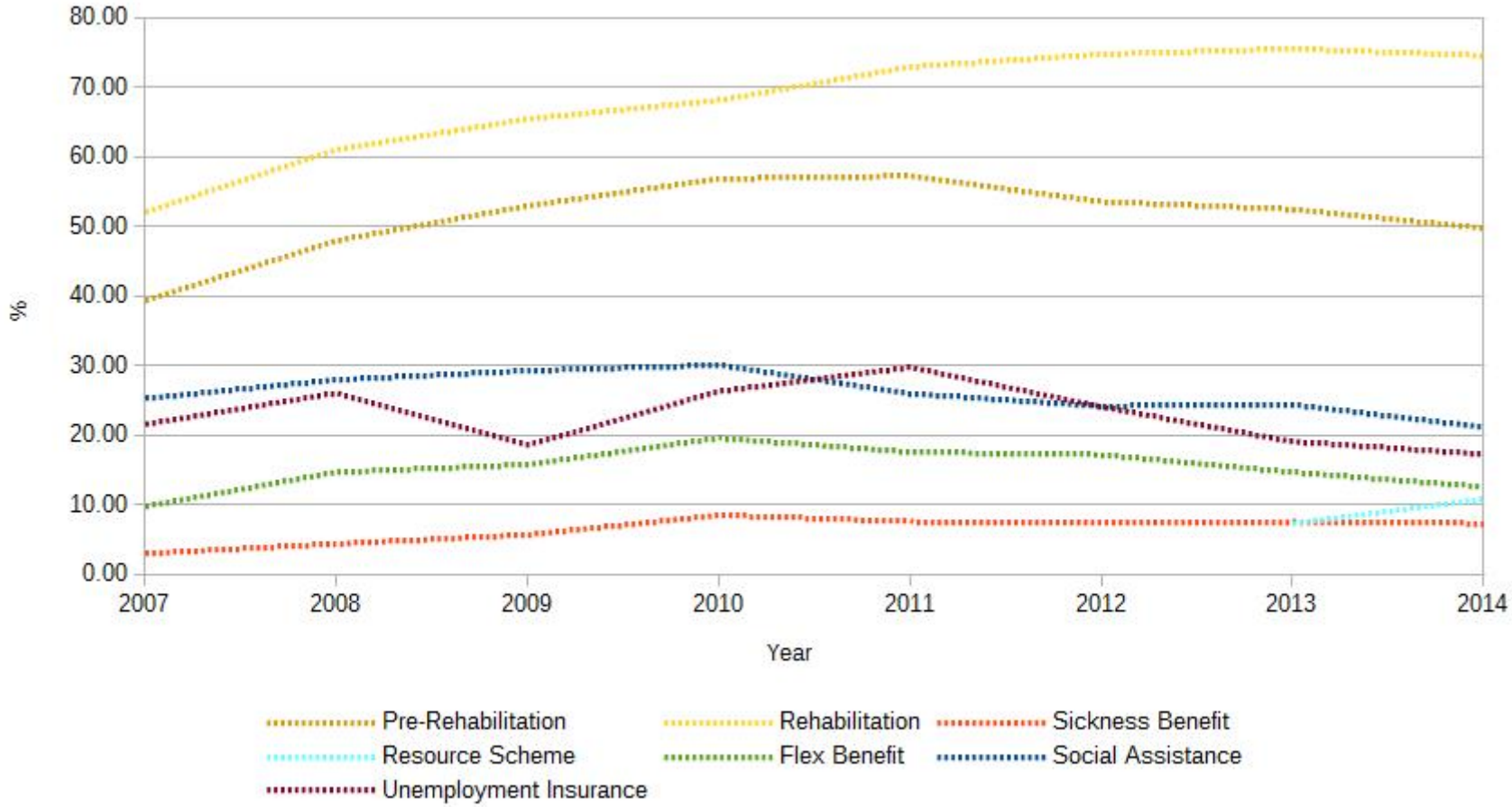
Benefit destination	**Number of claimants**
Unemployment Insurance	4607
Maternity benefit	698
Social Assistance	6466
Flex Benefit	2320
Flexjob	3528
Disability Pension	6134
Other	3442

Source: AE-DK (2007), p.3

Given the saving realised from moving SB claimants to SA, the high outflow to social assistance is not surprising. Whilst claimants can, unlike DP claimants, access activation, municipalities nonetheless do not seem to have a good track record in helping sick and disabled SA claimants:

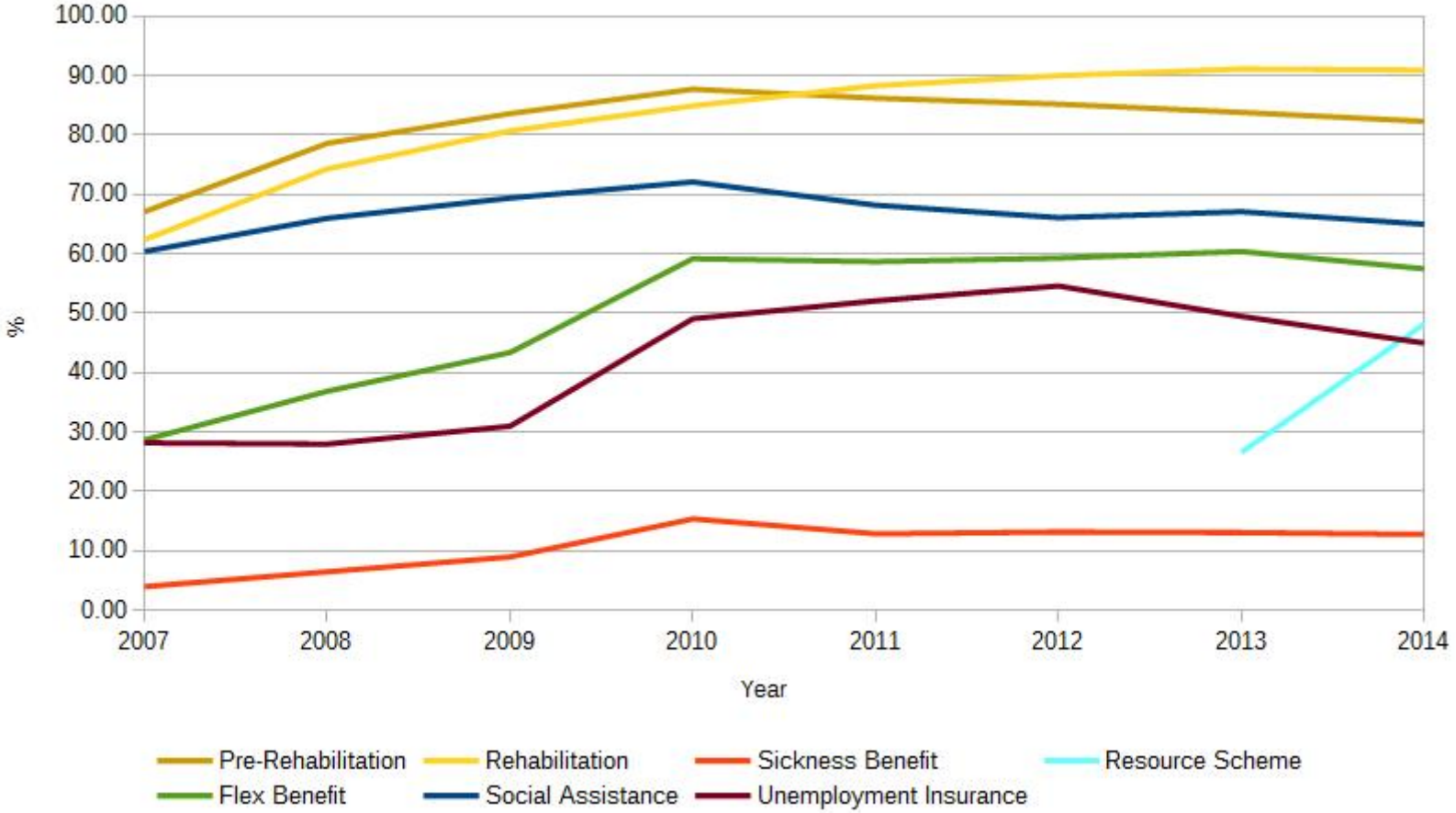
> Social Assistance should be a temporary benefit. The experience, however, is that people with different forms of disabilities are increasingly put on Social Assistance, and the municipalities do not follow up on these people or provide them with the necessary effort. Some live for decades on SA because the job center is not able to offer the right employment-oriented or rehabilitative efforts. With the weakening opportunities for early retirement and the change of the flex job scheme, disabled people are parked on SA without the right effort. The cash benefit system differentiates following the latest reform (2014) draws an even sharper distinction between the different services and activities, and persons with disabilities can all too often receive a reduced performance and a wrong support. This is partly due to lack of knowledge of referral on disability, compensation, labor market and training opportunities, in particular lack of understanding of mental, cognitive impairments and invisible disabilities.
> **Danish Disability Organisations (n.d.), p.1**

The data available on how many claimants are activated and for how long reflects this mixed picture on the strength and success of the steering tools. The national Labour Market statistics system (Jobindsats) records how long claimants are activated as a percentage of the total maximum time per week claimants can be activated (37 hours) – known in Danish *Aktiveringsgrad* and referred here as Activation Intensity. It also records data on how many claimants are activated as a percentage of the total possible – known as *Andel aktiveringsberørte* and referred to here as Share Activated. These are presented in Graphs 7/10 and 7/11, below, for the period of interest, with Unemployment Insurance and Social Assistance for comparison.



Graph 7/10: Activation Intensity for all benefits and Rehabilitation, 2007-2013

Sources: Jobindsats *Kontanthjælp, Revalidering, Sygedagpenge,* Ressourceforløb, *Ledighedsydelse* and *A-dagpenge* databases, choosing *Aktiveringsgrad* from *Aktiveringsgrad og andel aktiveringsberørte.*

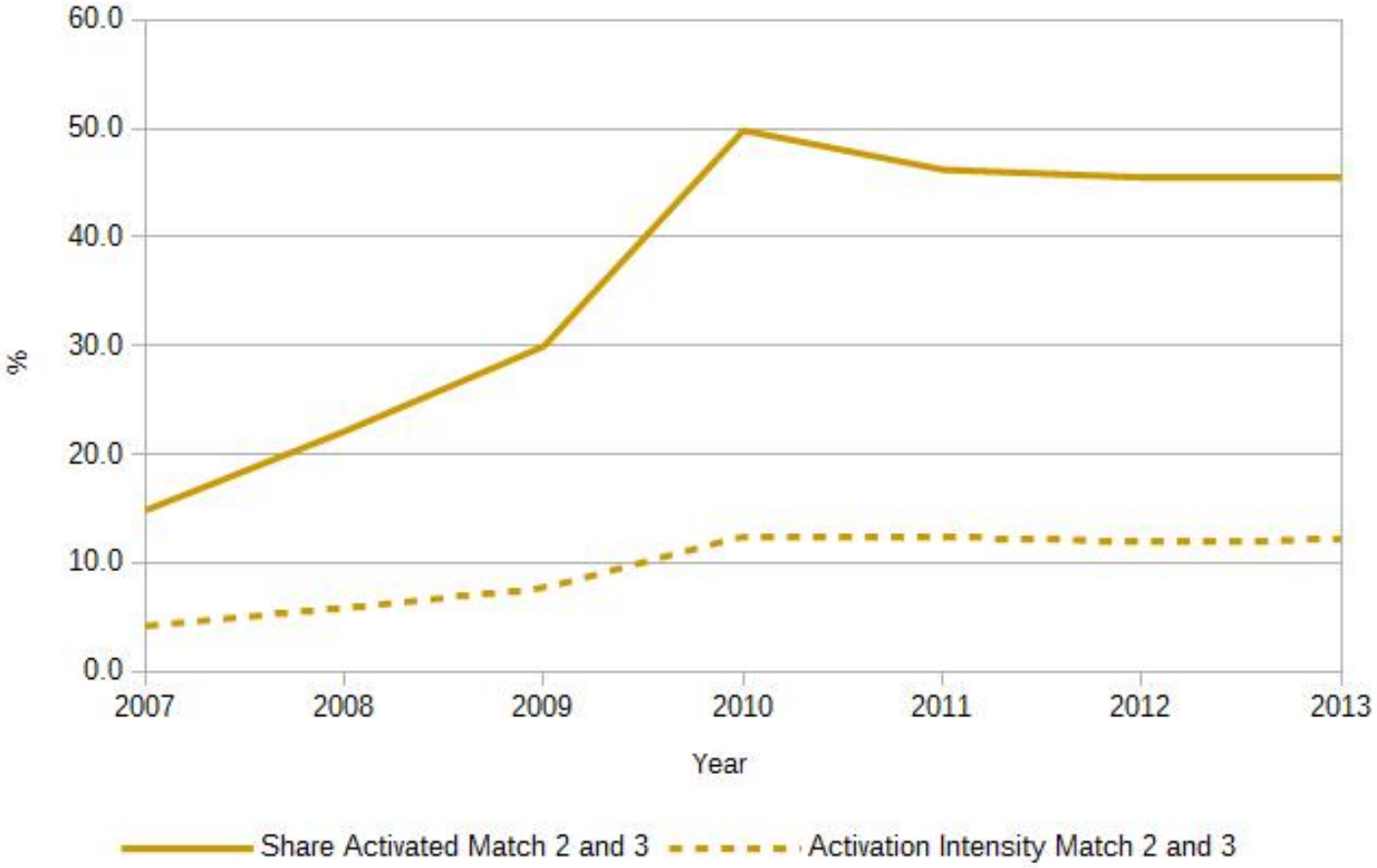


Graph 7/11: Share Activated for all benefits and Rehabilitation, 2007-2013

Source: Ibid, choosing ***A**ndel aktiveringsberørte* from *Aktiveringsgrad og andel aktiveringsberørte*

As previously noted, activation for Rehabilitation claimants is very intensive and very widespread. Claimants were activated for 75% of the maximum possible time in 2013, equivalent to 27 hours per week – and this applied to 90% of claimants. Whilst the proportion of Flex Benefit claimants activated increases very significantly over the period, by 2013 it is still only around the proportion of UI claimants, who are on the whole much closer to the labour market. Further the intensity of activation, however, is lower than both UI and Social Assistance claimants. This is consistent with what interviewees said about the incentives to activate Flex Benefit claimants.

It should be immediately obvious that the figures for Sickness Benefits are not consistent with the account of the SB activation incentives so far. This is likely because the figures for SB include the large group of claimants who return to work quickly and for whom enrolment in an activation programme is not usually necessary, and these claimants will drag down the average Share Activated and Activation Intensity figures. Further, employers pay SB for the first month of absence, and so incentives for municipalities to activate do not kick in until the second month. Unfortunately, it is not possible to exclude claimants that return to work within a month from the figures. However, if we take Match 1 claimants as a proxy (albeit an imprecise one) and exclude them, the Share Activated is comparable to Flex Benefit and Unemployment Insurance, and the increase in the former between 2007 and 2010 is noticeably dramatic (See Graph 7/12, below). Likewise, the Activation Intensity is around 12%, similar to that of Flex Benefit.



Graph 7/12: Activation Intensity and Share Activated (Match 2 and 3 only), Sickness Benefit, 2007-2013
Source: Jobindsats *Sygedagpenge* database, choosing *Aktiveringsgrad og andel aktiveringsberørte* and *Match 2* and *Match 3* from *Match Kategorier.* A weighted average was then produced using the data from the same database, choosing *varighed og fuldtidsaktiverede* and again selecting *Match 2* and *Match 3.*

Interpreting these figures requires some careful consideration of what values would represent more or less successful steering and therefore stronger or weaker institutionalisation. Looking first at Share Activated, a failure to reach (or approach) 100% should not necessarily be taken a sign of less than optimal success in terms of steering municipalities to activate. There will always be a certain proportion of claimants for whom enrolment in activation does not make sense because doing so would risk deadweight – i.e. the claimants would enter employment without help. Conversely, however, the proportion activated is likely to be dragged down by claimants at the bottom end of the claimant group because appropriate measures do not exist, and also because municipalities do not have to activate Match 3 claimants. Trying to reconcile these and come out an a benchmark figure is not a worthwhile exercise. It should, however, be relatively uncontroversial to suggest that the Share Activated for sick and disabled groups should be somewhere close to that for general non-employed groups, and that a figure significantly below that for those groups would indicate limited success in steering and thus some element of parking. Measured against that, the steering tools appear to be broadly successful: starting much lower than UI at the start of the period, the gap closes significantly for both Flex Benefit and Sickness Benefit over the period of interest. Rehabilitation exceeded all other groups for the entire period.

Activation Intensity is again similarly difficult to interpret. A 100% figure would indicate 37 hours of activation a week, something most governments would consider undesirable for most claimants because of deadweight and the crowding-out effect on jobsearch. Being equivalent to a full working week, it would be unreasonable to expect most claimants with reduced working capacity to participate in that much activation. It is generally assumed that sick and disabled claimants need more intensive support, though this may come in the form of different types of activities that might not necessarily take up more time. Again though, it should be acceptable to establish that activation of sick and disabled claimants in terms of hours per week should not be significantly less than for the general non-employed. This being so, the picture is less positive than for Share Activated. For Flex Benefit and Sickness Benefit, it is about half that for UI, and the steady increases seen for Share Activated and not in evidence here.

This is consistent with a general pressure exerted from central government that the aim of activation should be to get the claimant towards work in the shortest amount of time:

> We have for years been pumped with [the message of] our citizens have to work, the shortest way to work. The shortest way always and our system then has been used to not thinking about rehabilitation and rehabilitation is often a little more expensive than normally offering within the companies for instance. [The refund system] regulates how you behave. There have been a lot of signals from the political central level and the local level that now it's up to you to get them a job and nothing else. They have a responsibility themselves to do so and so. The civil servants themselves they are listening and they are changing what they are supposed to do so it is penetrating the system from the top and down. We adjust our local strategies to the national.
> **Jobcenter director, interview October 2012**

One further substantive point is worth making before moving on to look at how well activation efforts are enforced for the full range of sick and disabled claimants. As expected given the amount of flexibility given to municipalities – there is substantial variation between them and, consequently, between municipalities and the national average. The tables below show for SB, Flex Benefit and Rehabilitation the national average Activation Intensity and Share Activated alongside the highest and lowest three municipalities. For the sake of brevity, figures are offered for 2012 only and for all Match groups together.

For all three, the variation between municipalities is very substantial. With regard Flex Benefit, for example, the average Activation Intensity for the lowest three municipalities is six times lower than the national average, and three times lower for Share Activated. Whilst Rehabilitation on the whole is a very intensive scheme and one where activation is provided to a very high proportion of those registered, this is clearly not the case in certain municipalities, with some activating only around 1/3 of claimants (three times less than the average). Again, some subtlety and caution is due when drawing conclusions about institutionalisation from these figures. Some of the municipalities – which are not equal in size – may have too few claimants to merit a fully-developed activation scheme for certain groups. In cases where the claimant group is very small, the characteristics of those few individuals – being particularly hard or easy to help – will skew the figures. Nonetheless, these figures are consistent with what has been widely noted about local implementation of national policies in

Denmark – that some municipalities do diverge from intended national practice and that activation is applied in a much more limited way in some areas than central government prefers, and seemingly despite attempts to design incentives to encourage activation.

While local flexibility to deliver activation is an established part of Danish labour market policy, the benefits and employment schemes examined in this chapter are still nationally regulated and municipalities are still ultimately responsible to national government for the implementation of activation. Thus, the apparent difficulty national governments have had in ensuring activation for sick and disabled is adequately delivered across the country should be considered negatively when assessing institutionalisation.

Table 7/14 Activation Intensity and Share Activated for Rehabilitation, Flex Benefit and Sickness Benefit – national average, highest 3 municipalities and lowest 3, 2012

Rehabilitation	**Activation Intensity**		**Activation Share**
National	75.1	**National**	90.2
Top 3		**Top 3**	
Ballerup	91.7	Fanø	100
Høje-Tåstrup	90.7	Rudersal	100
Allerød	89.7	Mariagerfjord	99.4
Bottom 3		**Bottom 3**	
Faxe	26.6	Faxe	40.5
Vejen	12.9	Vejen	25
Lemvig	12.8	Lemvig	21.8
Flex Benefit	**Activation Intensity**		**Activation Share**
National	17.4	**National**	59.2
Top 3		Top 3	
Slagelse	30.5	Hillerød	81.5
Jammerbrugt	30.5	Lemvig	76.9
Favrskov	29.8	Næstved	74.4
Bottom 3		**Bottom 3**	
Fanø	4.2	Frederiskberg	27.9
Frederikssund	2.5	Ærø	17.6
Laesø	0.8	Laesø	9.1
Sickness Benefit	**Activation Intensity**		**Activation Share**
National	7.5	**National**	13.4
Top 3		**Top 3**	
Slagelse	19	Jammerbrugt	28.2
Jammerbrugt	18.3	Favrskov	28
Hedensted	18	Nyborg	25
Bottom 3		**Bottom 3**	
Høje-Tåstrup	3.1	Allerød	5.5
Furesø	2.9	Halsnæs	5.3
Frederikssund	2.7	Frederikssund	3.6

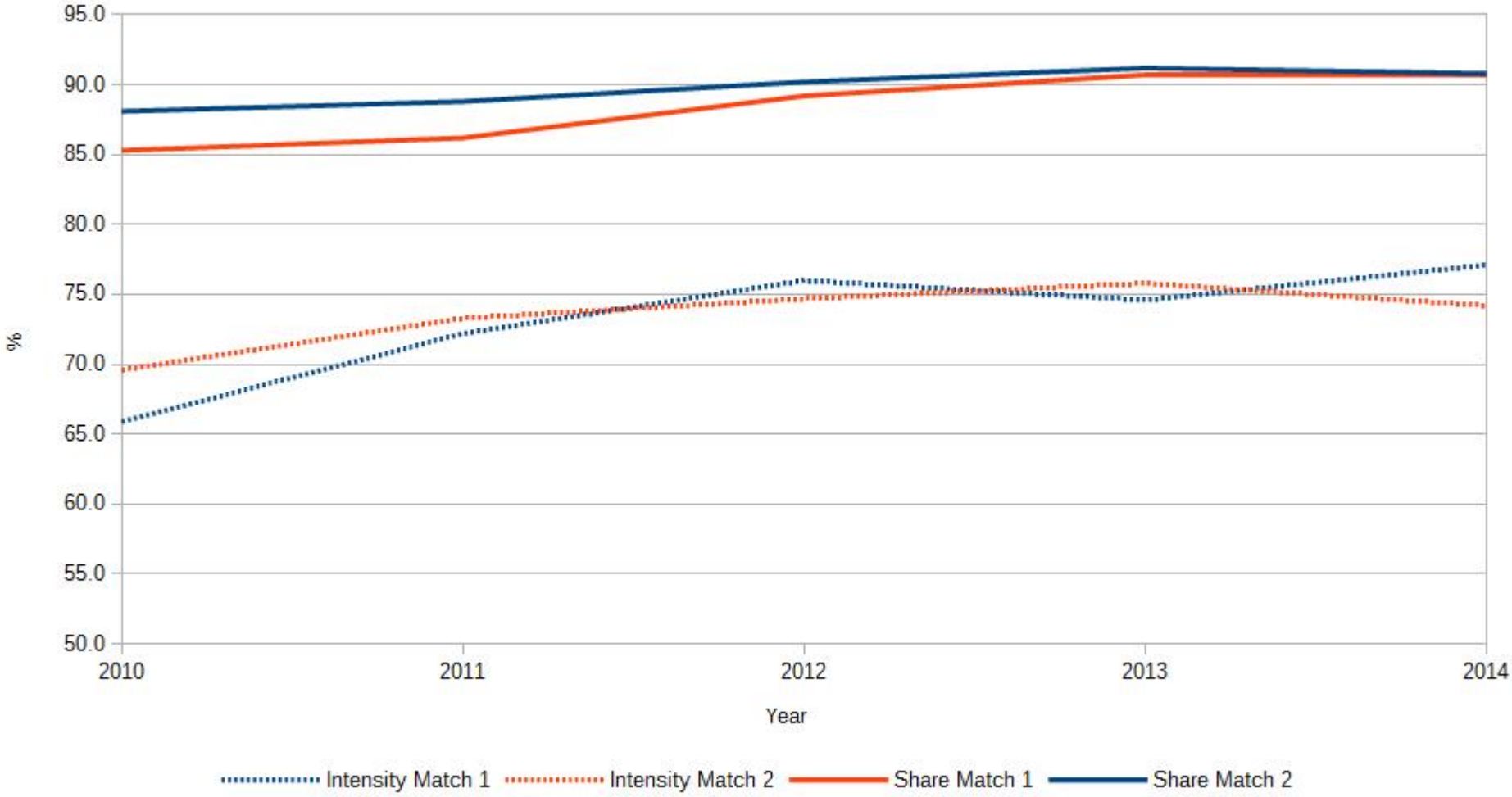
Source: Jobindsats *Revalidering, Sygedagpenge* and *Ledighedsydelse* databases, choosing *Aktiveringsgrad* then A*ndel aktiveringsberørte* from *Aktiveringsgrad og andel aktiveringsberørte* and then selecting *Kommune* from *Omrade;* then selecting all municipalities.

7.4.3 Steering efforts for the hardest-to-help: Match 3 and parking

One of the hallmarks of a well-institutionalised regime is that support is offered to the full range of claimants. This is possible to monitor in the Danish system because, as explained earlier in this chapter, claimants are categorised according to their distance from the labour market and data recorded accordingly. Again, the picture here is on the whole positive, but with some notable limitations.

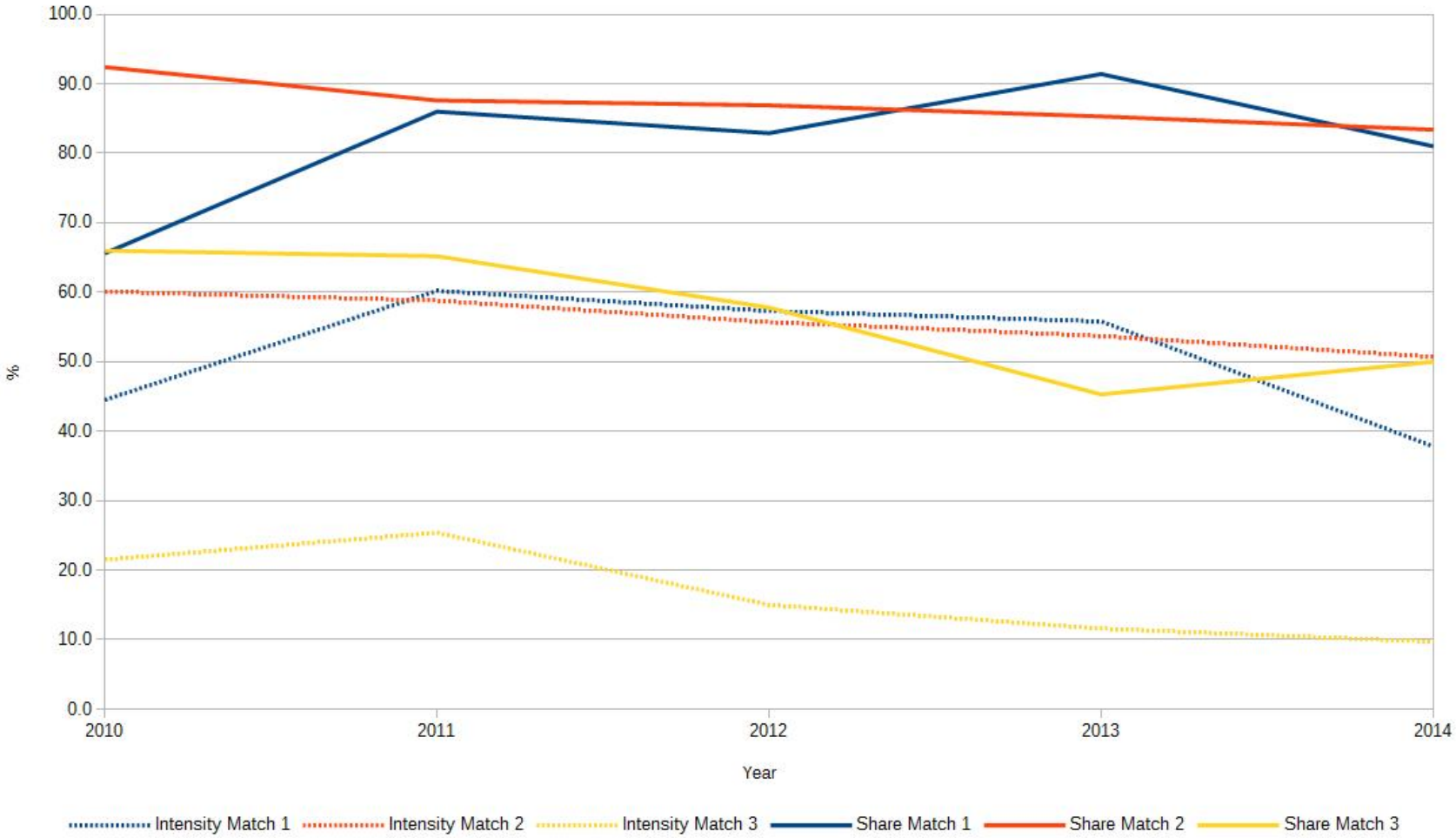
As Match 1 claimants are considered closest to the labour market, an appropriately targeted activation regime should be activating Match 2 claimants such that their activation should be close to, if not exceeding that of Match 1. Indeed, this is the case in all three of the graphs below. Match 1 and Match 2 track each other very closely with regard Rehabilitation and Flex Benefit. As expected given the previous discussion, a far greater proportion of Match 2 Sickness Benefit claimants are activated than Match 1, and this is increasingly the case as the period goes on. Match 2 claimants are also activated for about double the time as Match 1.

The picture for Match 3 is more mixed. For the reasons discussed previously, a lower Share Activated and Activation Intensity is to be expected given the barriers to employment faced by these claimants. Given this and the fact there a very few obligations on municipalities to activate Match 3, a 50% rate at the start of the period for which data is available with respect to Flex Benefit is therefore quite impressive. However, there is a very noticeable decline after 2010. This is very much consistent with what the study's interviewees said about the strength of activation incentives for claimants further from the labour market, especially since the change in the rules since 2010 which has made it less attractive for municipalities to activate claimants outside workplaces.

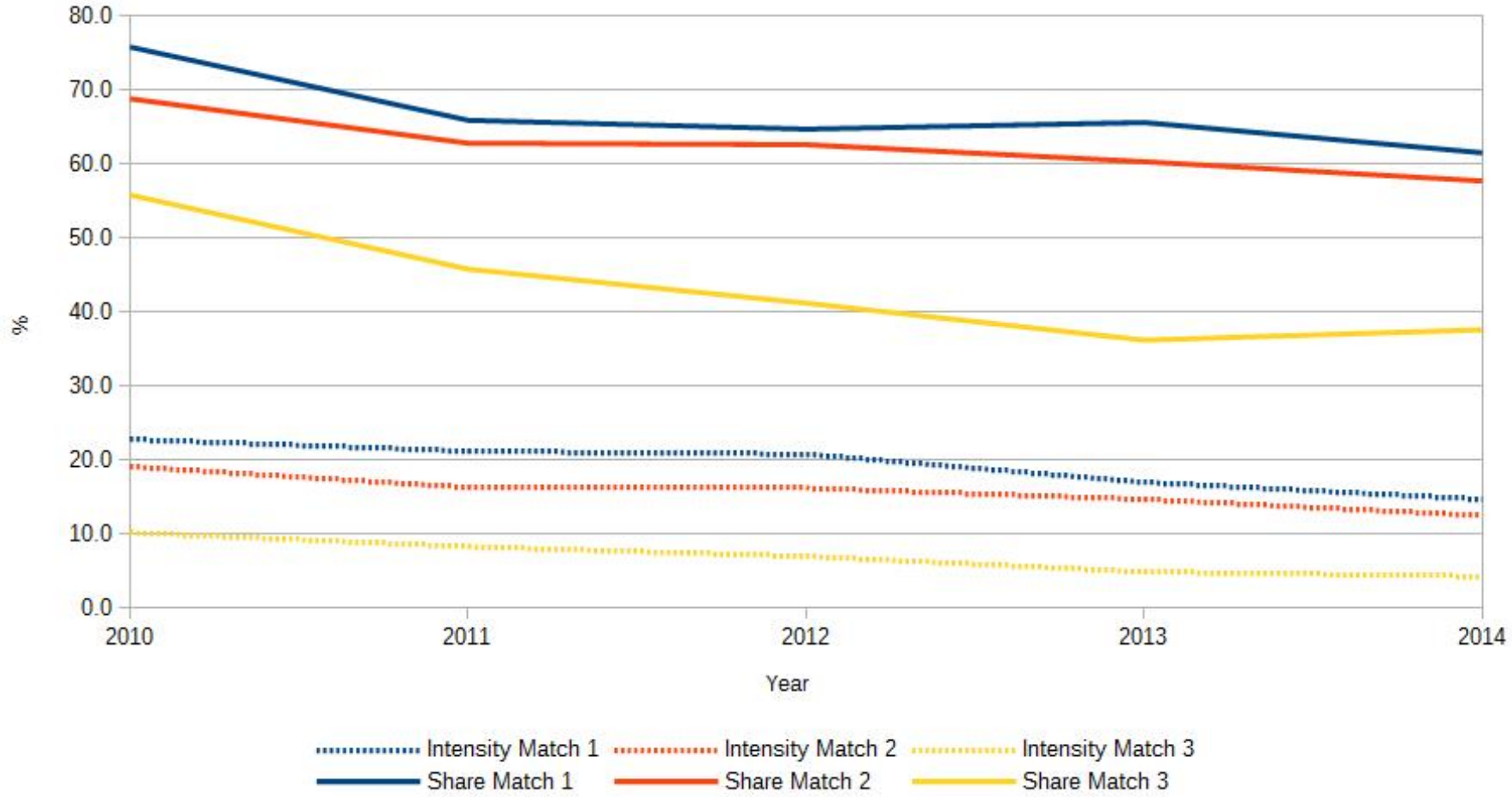


Graph 7/13: Activation Intensity and Share Activated, Rehabilitation, 2007-2013

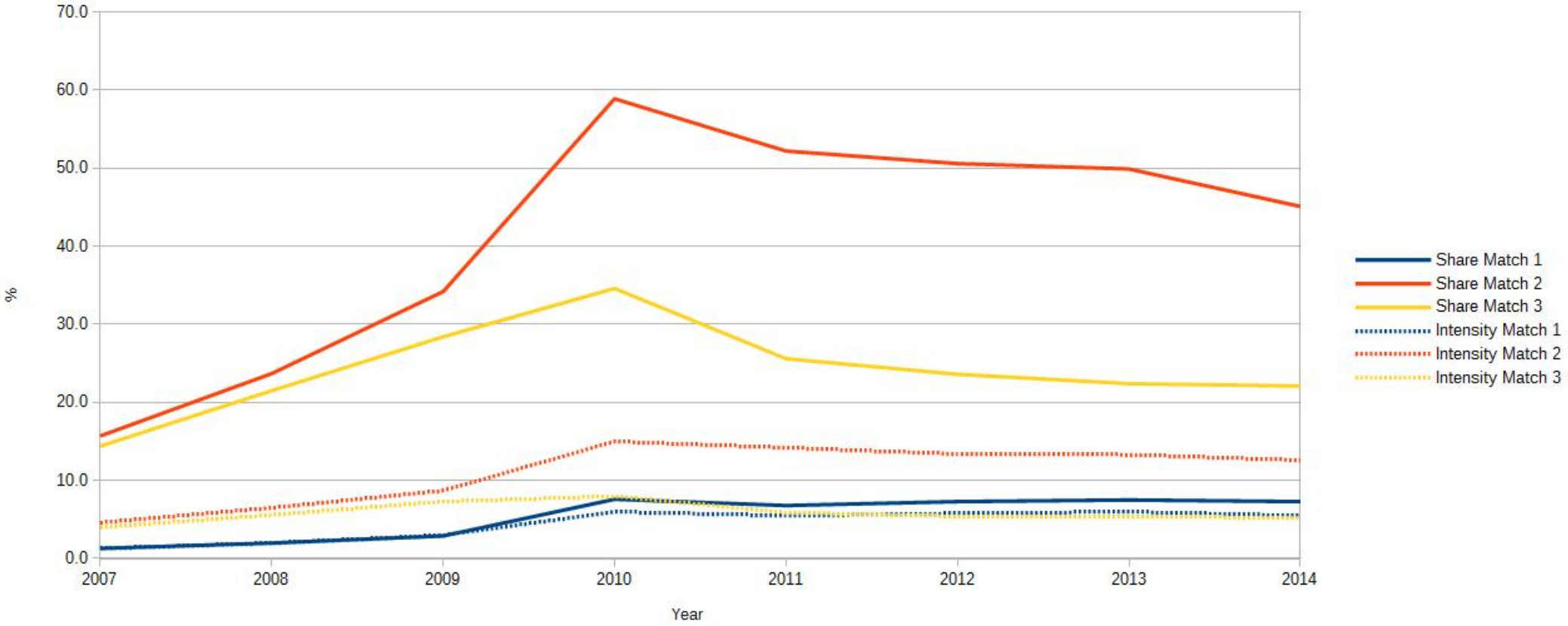
Source: Jobindsats *Revalidering* database, choosing *Aktiveringsgrad og andel aktiveringsberørte* and *Match 1* and *Match 2* from *Match Kategorier*



Graph 7/14: Activation Intensity and Share Activated, Pre-Rehabilitation, 2007-2013
Source: Jobindsats Forrer*evalidering* database, choosing *Aktiveringsgrad og andel aktiveringsberørte* and *Match 1* and *Match 2* from *Match Kategorier*



Graph 7/15 Activation Intensity and Share Activated, Flex Benefit, 2007-2013 *Source:* Jobindsats *Ledighedsydelse* database, choosing *Aktiveringsgrad og andel aktiveringsberørte* and *Match 1*, *Match 2* and *Match 3* from *Match Kategorier*



Graph 7/16: Activation Intensity and Share Activated, Sickness Benefit, 2010-2013

Source: Jobindsats *Sygdagpenge* database, choosing *Aktiveringsgrad og andel aktiveringsberørte* and *Match 1, Match 2* and *Match 3* from *Match Kategorier*

While this system and its various incentives to activate that have been described in the previous section appear to work fairly well, it is not clear that it works for the *full range* of claimants. The average figures in the graphs above obscure this somewhat. Activation costs for the hardest-to-help are likely to be higher because of the length of support and the resource-intensive nature of the support they require for a successful transition to employment. This reduces the gap between the costs supporting a claimant during a passive and active period, and thus reduces the incentive to activate;

> The reimbursements system is set up in a way that for people with complex issues with regards to their employment status, it's not economically viable to do something about it. The Jobcenters are measured by if they have met with the unemployed person at three months, six months and these kinds of detailed regulations and if they didn't live up to these demands they will be punished [by having a reduced reimbursement]. So that's why it can be economically viable to put people in Match category 3 [where those regulations don't apply].
> **DPO Representative, interview October 2012**

In some cases, the costs of achieving a successful job outcome are judged to be so high that it is cheaper to keep the claimant in benefit and not activated. As the data above showed and as an interviewee reported, this even appears to be the case when the state refund of Flex Benefit runs out after 18 months:

> We have a system called Flexjobs and if you are unemployed [but eligible] the municipality has an obligation to find you a job. If they still are unemployed after 18 months the costs of giving this person unemployment benefits are 100% the cost of the municipality but it is still cheaper to do that than it is to take initiatives to bring them closer to the labour market so they are kept unemployed because it is cheaper than doing something. In a way it shows that the system is always adapted to the challenges so that the really tough challenges are not really dealt with [...] because you can always buy your way out of it. You can always put someone in a Match Category or in a position where you really don't have to do anything and you can keep them there.
> **DPO regional representative, interview October 2012**

In 2010, the refund for activation not considered to be directly relevant to the labour market was reduced from 65% to 30% (Carsten Koch Committee, 2014). Subsidised employment and job training attracted the higher rate whilst classroom-based training and education initiatives attracted the lower rate. This appears to have substantially reduced the incentives for municipalities to support claimants who have not been ready to participate in workplace activation measures. For Flex Benefit claimants and Rehabilitation particpants, the refund for passive periods of benefit receipt and for

non-workplace activation are the same (see table 7/8, above), and so there is no incentive to activate claimants who cannot participate in employment-based activation. This would help to explain the post-2010 declines in Activation Share for Flex Benefit.

Another consequence of this has been considerable gaming around the classification of claimants.
If claimants are not able to participate in activities that attract the highest refund municipalities thus have an incentive to place claimants in the lowest Match Group, where the claimant has no right to support beyond interviews and the municipalities no obligation to provide it:

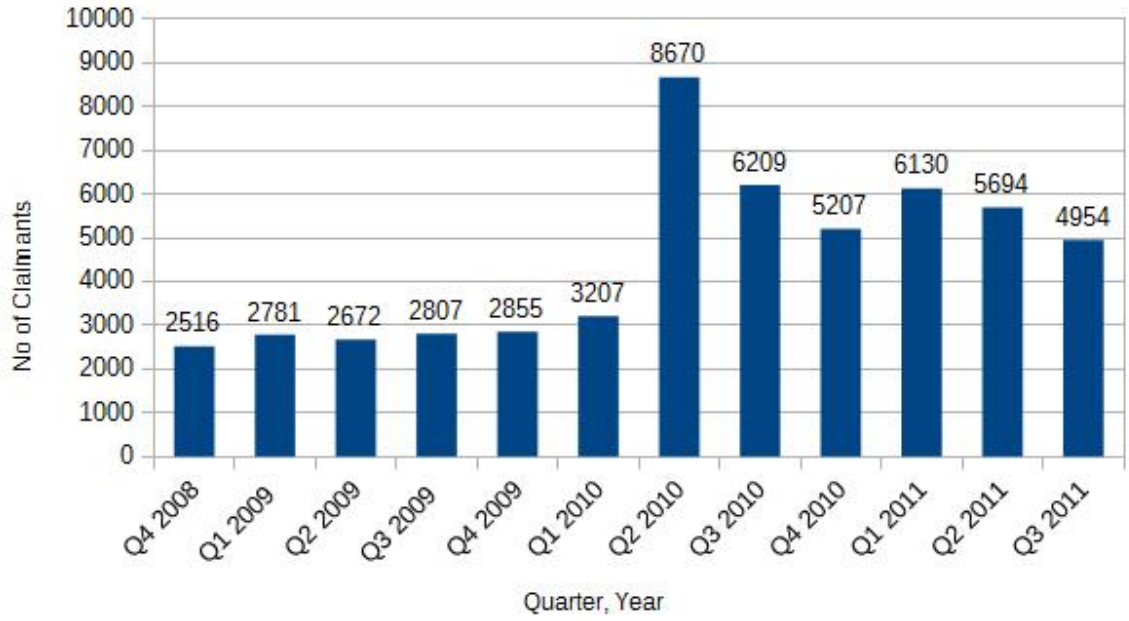
> A problem right now with an increase of people matched in category 3 because the municipalities don't have an obligation to offer any services in that category. There has been a change in the financial incentive so the municipalities no longer have the economy to establish some of the smaller specialised programmes that they could before because they don't get the same funding from the state. So what has happened is that an increasing number have been moved to category 3, whereas previously they would have been receiving an offer in category 2. This is no longer economically viable for municipalities so they move them to category 3. Our suspicion is that more people who have more complex problems related to disability will be moved to Match category 3 instead of providing them with a service.
>
> **Senior officer, DPO, interview July 2012**

This was confirmed by a CABI representative:

> What Aarhus, for example, did was to overnight move 300 people from Match 2 to Match 3 because it was too expensive for them to maintain their activation programmes for the weakest groups in Match 2 because they only got a refund of 30%. By moving them they had no activation obligation any more toward these people and they could concentrate on work practice and employment support programmes for the strongest Match 2 and Match 1 where they got 50% refund. So there is a very close connection to the activation programmes and the refund system between the state and the municipalities.
> **CABI Representative, interview October 2012**

Unfortunately, data for the transfers between Match groups is not available for Sickness, Flex Benefit and Rehabilitation, so it is not possible to demonstrate this quantitatively. However, the switch is very noticeable in the data for Social Assistance

(not an incapacity benefit, but many SA claimants do have health conditions), see graph 7/18, below. The same new rules on the two rates for the two different types of activation apply to all benefits and so there is no good reason to believe that the same type of switching occurred for incapacity benefits. The very steep decrease in the Share Activated for Flex Benefit (see Graph 7/15, above) after 2010 is another reason to feel confident is this assumption: this would be consistent with Match 1 and Match 2 claimants being moved to Match 3 with the intention of not activating them.



Graph 7/18: Transfers from Match 2 to Match 3, Social Assistance, Q4 2008 – Q3 2011

Source: Avisen DK (2011)

Further, recent years have seen a rise in claimants moving from Match 3 straight into work, something which is generally not expected to happen – or at least not without assistance – given the complexity of the labour market disadvantage claimants in this group are perceived to face (Interview with CABI Representative, September 2012). This would seem to lend credence to the claim that claimants who have been seen as too hard to help have been placed in Match 3 so as to relieve municipalities of the financial and resource burden of assisting them.

This appears to be a classic case of parking, whereby there are perverse incentives to provide a minimal level of support to those farther from the labour market, in this case because they cannot participate in higher refund measures and thus are at risk of damaging the municipal budget. Clearly, there is an inherent incompatibility between insisting on activation measures that are more focused on the workplace and ensuring support for the largest possible range of claimants.

It is worth noting, however, that the movement of claimants into Match 3 has not gone unchallenged by central government. It has for some years had a number of pilot schemes focused specifically on Match 3 claimants and most recently it set up a DKK 150m scheme to fund municipalities to re-open their Match 3 cases and create new job plans for these claimants, with a small payment being made for each case re-opened (ibid).

7.5 The form and strength of the institutionalisation of activation for sick and disabled claimants in Denmark

7.5.1 The Scope of Activation

The scope of activation of sick and disabled claimants for most of the period of interest has been paradoxical in the sense that it can and does cater for claimants with very severe reductions in capacity, yet otherwise assumes claimants do not have the complex employment barriers that policymakers have for some time known develop after extended periods out of work. This appears to be because – another key feature of the regime – policy has mainly focused on re-entry of recent labour market leavers rather than the long-term sick and disabled non-employed. The political and administrative focus – around 60,000 activated claimants a year – has hitherto been on stopping sickness absence becoming long-term non-employed, rather the dealing with the stock of ~240,000 long-term non-employed DP claimants. Much of the support offered appears to be aimed reconciling the capacity reduction with the labour market – retraining the person for a more suitable job and offering job-subsidies to compensate employers for taking on employees with reduced capacity – and otherwise assumes relatively high employability. This is not to deny or downplay the efforts and resources that are made to help these claimants – Rehabilitation, for example, can run for more than a year, involve expensive retraining and education courses and involve intensive efforts on the part of both municipality and claimant – but by that very nature, only already fairly highly functioning individuals can usefully take part.

The lack of notable health-related support further illustrates this point. Even Vocational |*Rehabilitation* does not offer significant health interventions, and health condition management and recovery has been seen as the task of the health services rather than a problem to dealt with holistically through unified health and employment strategies.

Successive strategy documents from the period of interest, however, show a gradual movement to a more inclusive strategy in the second half of the 2000s. Policymakers began to look into the possibility of activating DP claimants – hitherto seen as not desirable or legitimate candidates for support – and accordingly began to

test inter-disciplinary approaches bringing together health, employment, education and social perspectivess, and formally co-ordinating services, staff and resources. Also, health interventions have been a bigger part of the SB activation regime since 2014. It is still in its infancy, but Resource Scheme – the programme that came out of those trials and that began in 2013 – appears to signal a major expansion in the ambition and scope of activation for sick and disabled claimants.

7.5.2 Political commitment

According to the framework established, political commitment to the sickness and disability activation agenda has been strong and increasing over most of the period. It is a genuinely broad and detailed agenda, backed-up by a political determination in the middle of the 2000s that not enough was known about the employment support needs of sick and disabled people, and so a considerable effort was made to research and trial new approaches, with a range of institutions set up to carry out and fund those processes, and spread the knowledge that resulted. Accordingly, a whole range of efforts have been made to increase the capacity – appropriately trained staff, for example – in both central and local government. Further, the raft of new legal requirements as part of the new *Ressourceforløb* scheme – show an increasing desire on the part of central government to dispense with traditional local government autonomy and insist not only on greater activation in general for sick and disabled claimants, but on how this is done, relying on direct intervention and not just indirect steering by incentives. This greater intervention in local ALMP has been a trend many years in the making (going further back than 2007) and applies to ALMP in generally – not just of sick and disabled claimants – but nonetheless it is a very important feature of the development of sickness and disability activation in Denmark during this period.

In both absolute terms and relative to benefit expenditure, funding for activation has increased substantially over the period and accounts for a significant – if declining, due to spending increases for other groups – proportion of overall ALMP expenditure. That said, spending is highly uneven between programmes and groups, with Flexjobs accounting for most of the spending increase and being much more generous in terms of per head expenditure. Further, since the late 2000s, government –

both centre-right and centre-left – have started to run out of patience with the scheme, which is very expensive and has almost no impact on outflows from DP, as was intended. Significantly, governments began to talk about it in the same way as benefits – that they should provide temporary support while the claimant returns to the ordinary labour market – and subsidised employment is less and less regarded by officialdom as an acceptable positive outcome of activation. A major reform in 2012 removed made Flexjob subsidies time-limited and less generous. Similarly, though the Resource Scheme is a major, positive change in terms of institutionalisation in many ways, government does appear to be trying to activate this new and hard-to-help group on the cheap, with spending per-head about the same as existing schemes that deal with claimants with fewer employment barriers, and far less than what was recommended by the commission that first floated the idea.

7.5.3 The institutional promotion and protection of the right to activation

In the period of interest governments of both centre-right (2001-2011) and centre-left (2011-) have sought fairly strongly to make institutional and operational reforms so as to embed the activation of these groups more firmly in the every-day practice of municipalities. The introduction of the Match system and mainstreaming of all groups in unified Jobcenters in 2009 – which was meant to equalise the handling of claimants regardless of their benefit status – and a more prescriptive SB intervention regime in 2013/14 are examples of this.

The right to activation is a concept that very much exists and is recognised both in law and, consequently, in the design of ALMP intervention regimes that give effect to those laws – though whether these rights are always properly considered and respected at the street-level by municipal staff implementing those regimes is somewhat in doubt (see 7.5.4). Whilst there is a formal general legal right to support aimed at allowing a person to be able to support themselves, what and how much is offered rests on the claimant's categorisation – both their Match category – and their benefit. Though this still means that the vast majority of all claimants of benefits apart from DP – around 90% – are eligible for activation, a small but significant

proportion are not, and nor were the ~240,000 claimants of DP until 2013.

Regarding steering by incentives, there is a strong general incentive for sick and disabled benefits claimants to receive activation: there are some basic but strongly enforced rights to a minimum number of regular work-focused interviews, and interviewees said penalties for not delivering these interviews were effective. In contrast to other benefits, such penalties do not exist for support beyond this but there are a range of other incentive structures – more generous subsidies for active than benefit spending, the exemption of some sickness and disability-related activation from cost ceilings, for example – that do – at least when considered in isolation from other factors – appear to create fairly strong incentive to activate. However, these incentives are not equally strong across all benefit groups. Due to the particular set-up of incentives in the Sickness Benefit system – the ending of benefit refunds after 1 year – incentives to support claimants appear to be very strong, but this is appears to be less so for other groups, Flex Benefit recipients in particular. The splitting of the refund system in 2010 into directly and indirectly-employment related measures mean that for claimants who cannot take part in activation within workplaces, there is no greater incentive to activate than not. This does not appear to have been intentional, but is a good example of broader system-wide changes having a negative impact on the institutionalisation of activation for sick and disabled claimants.

7.5.4 Security of the right to activation

This picture of the promotion of activation for sick and disabled claimants through government intervention and indirect steering by incentives – generally positive, but with some major exceptions – is on the whole supported by the quantitative data available on activation recorded by Jobindsats. The proportion of claimants activated increases for most sick and disabled groups so as to be around the level of general unemployed groups, very sharply in the case of SB, and there appears largely to be an appropriate distribution efforts between Match 1, 2 and 3. However, with the exception of the small Rehabilitation scheme, the length of interventions for these claimants is lower compared to general unemployed groups and this does not change over the period. This appears to be related to a broad – ALMP wide – political wish to

avoid prolonged interventions.

Further, central government does not appear to have been entirely successful in designing out of the steering system unwanted behaviour by municipalities. There is some extent of gaming around benefit categories whereby claimants are moved to other benefits or programmes where the incentives and the negative financial impact on municipalities is less severe. This applies to the SB regime in particular, where several interviewees and other sources of data indicate the severity of the 52 week penalty means that claimants are transferred to other benefits where there are fewer activation requirements and penalties. This appears to have had a crowding-out impact on other claimants with more extensive sickness and disability-related barriers, albeit a seemingly unintentional one. There is evidence, for example, those with the most severe capacity reductions cannot access Flexjobs because claimants from benefits with activation penalties are transferred to Flexjobs without proper assessment. As a result, they appear to end up on Flex Benefit, where incentives are the weakest. The size of this group has grown substantially over the period of interest.

Similarly, whilst the decision to split the refund system was not intentionally done by central government to marginalise sick and disabled claimants, it does, however, appear to have resulted in some entirely intentional gaming by municipalities around the Match Category system that has had this impact: claimants with higher support needs than can be accommodated are moved into Match 3 so that municipalities can avoid their duty to provide activation.

Further, though the incentives are generally very strong, these clearly do not work for all municipalities. There is significant subnational variation in both the Share Activated and Activation Intensity between municipalities. Ultimately, a range of other factors – ideological influence of the ruling party locally; the size of the benefits population; the health of the local budget being some examples – will feed into a decision to make more or less intensive efforts to activate. A qualitative case-study analysis of a sample of representative municipalities would be needed to establish this in more detail.

7.5.5 Conclusions

The Danish approach to activating sick and disabled claimants is a strongly institutionalised one if it is not looked at in the context of the size and diversity of the sickness and disability benefits claimant group. Significant political and actual capital is spent on services for sick and disabled jobseekers; these can serve claimants with limited, medium or severe capacity reduction and they can and are applied in generous amounts for very extended periods of time. The incentives to activate are generally strong, and very strong for claimants of Sickness Benefit, and the rate of activation – as one would expect from Denmark – is fairly high, and around that of general unemployed groups.

However, when one moves from sick and disabled claimants overall to look at how well the full range of claimants are served – one of the major preoccupations of this research – the picture is much less positive. Until recently, the system has been very selective, being more intensive for Sickness Benefit claimants and gradually getting less so as the claimant is out of work for longer. Accordingly, the strength of the activation incentives; the access to activation and the rate is weaker for other groups, Flex Benefit claimants in particular. This is important because this is where the more disadvantaged claimants who are competed out of Flexjobs tend to end up.

A further point to make here is that the relatively weak institutional barriers between activation for these groups of claimants and others, especially since the introduction of the unified activation regime and unified Jobcenters for all benefit claimants. This means that work-first changes to the benefits and activation regime as a whole – changes to the refund system to prioritise directly employment-related activation and moves to curb the length of interventions – have had negative consequences for the institutionalisation of activation for sick and disabled claimants, however unintentional this might have been.

With the opening up of activation for Disability Pensioners and a major new scheme with a new, multi-service, interdisciplinary approach, things are clearly beginning to change and becoming more inclusive. This is a relatively recent change, however, and one would need to return to look at Denmark again in 5-10 years to assess the influence of these changes.

7.6 Epilogue: Carsten Koch proposals and beyond

The Carsten Koch proposals have triggered what looks like will be a major overhaul of the organisation of activation policy. The reforms that emerged from Koch were agreed with the between the Thorning-Schmidt government and the opposition bourgeois bloc in June 2014 and they are due to come into force over the course of 2015 and 2016 (Danish Ministry of Employment, 2015) Whilst this is beyond the period of interest, the extent to which the changes depart from the previous practice detailed in this chapter, the similarities with the UK approach and the importance they would have in any future research mean that they are worth noting here. The main relevant changes are: funding municipalities more through block grants than refunds (about a 120% larger block grant and a correspondingly smaller refund system); a single system of refunds so that municipalities do not have different incentive across different claimant categories and which stop after one year, and the abolition of all process requirements and penalties for late or under-provision of services; ("*Her er detaljerne i beskæftigelsesreformen* [Here are the details of the employment reform]", 30 April 2014, Ugebreveta A4). Moving to a single refund system which makes no distinction between sick/disabled claimants would appear to remove some of the protection against parking that the current system gives them. Indeed, concern has been raised by the parliamentary left and disability groups that the unified refund system will encourage municipalities to cut back on benefits and activation for sick and disabled people (Finn Sorensen MF, Speech in the Danish Parliament, 14th April 2015)[57] – especially activation beyond a year (Danish Disability Organisations, 2014)– and that the new activation measures the reform package brings in are focused on UI claimants, while at the same time benefit sanctions are being increased for Flex Unemployment Benefit claimants (ibid).

57 http://www.ft.dk/samling/20141/lovforslag/l183/beh1-76/60/forhandling.htm?startItem=#nav

Chapter 8 UK

8.1 Political commitment to the activation agenda for sick and disabled claimants

8.1.1 Nature and scope of the activation agenda

The beginning of the period of interest in 2007 saw the publication of the *Freud Report on the Future of Welfare to Work* (Freud, 2007) in the image of which much welfare-to-work policy of both governments have been developed and implemented to a significant extent. Taking as a starting point the fact that unemployment as usually understood had fallen "probably to near the frictional level" (p.51), Freud advocated a re-focusing of welfare-to-work policy from the frictionally unemployed towards three groups "facing multiple disadvantage and long term benefit dependency" (ibid) whose greater employment he said was necessary for the government to reach its recently adopted 80% employment target and who at that point represented 95% of people who had been claiming benefits for more than one year: older people; incapacity benefits claimants and lone parents. Despite representing 2/3 of the workless population, these groups, he argued, tended to have relatively poor access to work-focused support – just 14% of the welfare-to-work budget was spent on them. Further, what support was available was offered on what Freud referred to as a 'client group' basis, related to problems perceived to be common to all on a particular benefit rather than on a genuinely individual basis.

Freud recommended that the DWP should free-up Jobcentre Plus to focus on the short-term unemployed whilst building a network of contracted provision to help long-term unemployed people, principally members of the those three groups and IB claimants in particular, representing as they did the largest group of workless people. He saw this as a necessary step in justifying the extension of some amount of benefit conditionality to all claimants of working-age benefits other than parents with very young children and people with seriously incapacitating illnesses or disabilities; "with the least advantaged in receipt of more individualised support, the rights and responsibilities of all benefit recipients should be brought more closely into line." (2007, p.1). As briefly outlined in Chapter 6, this extension of conditionality was

achieved through the move from IB to ESA and a stricter work capacity test, which increased the number of sick and disabled claimants expected to make moves towards work, though not as many as originally expected as a result of later changes to the WCA.

Seemingly due to the emphasis on personalisation of employment support; 'Black Box' provision; and the supposed underperformance of prescriptive schemes, a focus on providing or improving specific health or disability-related services has not been strongly part of the sickness and disability activation agenda in the UK, and particularly not in the later years of the period under study. Instead, the focus has been on ensuring the responsiveness of mainstream services to a broader array of claimants whilst maintaining some limited supported and some very few sheltered employment places, but again without a focus on specific types of services.

Similarly and likely relatedly, there also seems not to have been a stated, official[58] desire to target specific types of sickness or disabled benefit claimants – for example, those with mental health conditions, or claimants with particularly severe and/or multiple disabilities. No specific sub-groups of the one million IB claimants were identified by Freud and there have not been targets for the labour market integration of claimants with specific types of illnesses or disabilities.

The caveat to this general impression of a relatively broad programme that has not had specific aims around the introduction or strengthening of specific services to help certain groups of claimants is that there was some limited indication of change in this regard at the very end of the period. The Disability, Health and Employment strategy in 2013 (Department for Work and Pensions, 2013d), for example, had a very prominent focus on mental health. There is an ambition to connect up National Health Service (NHS) mental health support with employment support and it mentioned the trialling of several initiatives providing health support through the Work Programme, an advance on the DWP's previous position of letting providers develop such support on their own. This may be policy learning from the problems of the Work Programme that were experienced in the latter part of the period under study and that are described in the later sections of this chapter.

58 As this chapter argues, though, DWP strategy does appear to have increasingly over the period focused, albeit not explicitly, on those ESA-WRAG claimants closer to the labour market

8.1.2 Building an institutional framework

Launching new programmes

The period of interest covers two major programmatic changes. Jobcentre Plus led-Pathways to Work was gradually rolled-out from 2005[59], and Provider-led Pathways from 2007, together reaching full UK coverage in 2008 (DWP Disability and Work Division, 2011b). Launching the two Pathways programmes was a major undertaking for the Department, reflecting a high level of ambition and commitment: that the vast majority of the then 2.6m IB claimant pool could and should be engaged in some kind of support. All claimants except those with the most severe conditions or those identified as not needing help were required to participate in at least the 5 WFIs and then on a voluntary basis could go on to to a range of programmes – New Deal for Disabled People (NDDP) and Condition Management Programme (CMP) most notably – and claim Return to Work Credit (RTWC). In terms of the number and range of claimantsl the targets – 37% into sustained employment (House of Commons Committee of Public Accounts, 2010) – as well the funds earmarked for it (see 8.1.5 for a discussion of programme funding), Pathways was the most largest effort to integrate sick and disabled claimants into employment. The later merging of Pathways and most other general and specialist employment programmes into the mainstream Work Programme was described by interviews as representing a move away from disability and sickness claimant-specific programmes and an apparent movement down the political agenda:

> Pathways to Work was a really rigorous attempt to design a programme to meet the needs of people on IB and ESA and, by extension, people with health conditions and disabilities that limited their ability to work. DWP were incredibly enthusiastic about it for a very long period of time until they completed all their evaluations and found that unfortunately it didn't appear to have any impact. Which then I think to some extent with the onset of the recession was an important factor in them saying let's just package all this up in a single programme. Let's actually worry less about people on IB and let the market sort it out and let's assume that any job entry is a bonus rather than what had really happened in the last 10 years or so, up until 2 years ago, which was a real effort to improve the support for people on IB.
> **Senior DWP official, interview May 2012**

59 I consider Pathways to have started in October 2005 as that is when the national extension began. It was, however, piloted from October 2003 until then. The start date is important later as the various DWP schemes are compared by contrasting their average yearly starts i.e the total number of starts divided by the number of years the programme ran for. A table detailing the roll-out of Pathways can be found on p.9 of DWP Disability and Work Division (2011a).

It was like a lightbulb moment when that evaluation hit the desks and showed that this flagship programme doesn't actually work. It was a bombshell, it wasn't a gradual process. There were issues about programme management and performance but the realisation that we were on the wrong track really did hit the department and ministers very hard so there was a rebound to find out, well if that doesn't work then what does?! From the middle of 2008 the ministerial focus shifted a lot towards jobseekers and people who had been on benefit 6-12 months, so much focus went on to how to boost support for people who had been unemployed for a while but aren't yet long term unemployed. The civil service are very responsive to what the ministers are focused on. If ministers aren't cracking the whip on an issue then it can drift and I think IB/ESA support for people with health conditions did get a bit lost there from mid '08 onwards. It certainly burnt DWP's fingers in terms that they could design the perfect programme for the majority or entirety of the ESA group. It definitely led to the talk of single programmes, flexibility, black box, and pay for outcomes.
Former senior DWP official, interview July 2012

Setting up new institutions

The UK does not have a set of specialist disability organisations operating within or on behalf of government on disability employment and welfare-to-work issues. The only specialist government body is the Office for Disability Issues (ODI). ODI is part of the DWP and co-ordinates disability policy across government (Office for Disability Issues, 2014). Representative organisations have only a fairly marginal advisory role, and one that has been much in flux over the period of interest. The Disability Employment Advisory Committee (DEAC) provided strategic advice to ministers and officials on the employment of disabled people, but this was abolished in 2010 as part of a wider reduction of non-departmental public bodies ('Bonfire of the quangos: the victims';*The Guardian*, 22 August 2010) Responsibility to advise on disability employment issues was passed to Equality 2025, an ODI-sponsored non-statutory advisory public body made up of disabled people advising across public policy, but it in turn was closed in 2013 ('End of the road for Equality 2025'; *Disability News Service*, 19 July 2013). Equality 2025 was replaced by several bodies as part of the government's cross-departmental 'Fulfilling Potential' strategy, including a forum for Disabled People's User-led Organisations, ('Low-key report details "progress" on disability strategy'; *Disability News Service,* 4 September 2014) but none of these focus on social security or employment issues. The only statutory representation sick and disabled people have with regard welfare is one person representing their interests on the Social Security Advisory Committee (SSAC) (Social Security Advisory Committee, 2015), but there is seemingly no requirement for this to be a disabled person or a representative from a disabled people's organisation.

Building specialist capacity

Developing the capacity of welfare-to-work provision to understand and respond to sick and disabled claimants' needs through the provision of specialist advisers has been a consistent, if relatively low profile agenda over the past 15 years. Earlier programmes, most notably NDDP, were built around specialist personal advisers and this was taken forward within Jobcentre Plus over the next decade in the form of Disability Employment Advisors (DEAs), Work Psychologists and Incapacity Benefits Personal Advisers (IBPAs)/Employment Support Allowance Personal Advisers (ESAPAs). DEAs in particular are important because they are in practice the main way claimants can access specialist services (Department for Work and Pensions, 2013a). Several of the interviewees reported that there was an undersupply[60] of DEAs and, indeed, their numbers do decline sharply towards the end of the period[61].

60 Given that there were 700-900* Jobcentre Plus offices during this period, there was much less than one per office for the whole period.|

*2007: 898 offices (Stephen Timms's answer to Chris Grayling Written Question on Jobcentre Plus offices. HC Deb 28 April 2008 vol 475 c46WS: http://bit.ly/1MTvukd)
2013: 740 (National Audit Office, 2013, p6)

61 This is unlikely to be natural variation due to benefit caseloads and staffing variations. DWP at that time (2013/14) were trialling what it called the 'Unipod' system, whereby all advisers would deal with all claimants, with DEAs being phased out ("Concern over DWP plans to scrap specialist adviser roles". *Disability News Service*, 29th December 2014). Although it is out of the period of interest, the number for DEAs drops very sharply in 2014/2015, to 297 (Scottish Trades Union Congress, 2015).

Table 8/1: Number of JCP/DWP specialist advisers, 2006/7 – 2013/14

	2006/7	2007/8	2008/9	2009/10	20010/11	2011/12	2012/13	2013/14
IB Personal Adviser			995	340				
ESA Personal Adviser			50	641	702	562	804	890
Work Psychologists					76	69	60	62
Remploy Personal Caseworker Adviser								33
Disability Employment Adviser	496	467	452	451	501	565	520	444
Total number of Personal Advisers (all claimants)	9155	9235	9134	11,975	11,973	11,181		

Source: FOI requests to DWP (Reproduced in Appendix A1)

They also reported that the investment and time given to training specialist advisers, especially for Pathways, had been diluted in the later phases of the programme and subsequent programmes. In the initial rollout of Pathways, JCP advisers training to be specialist disability advisers were given 2 months off to re-train, but this was progressively scaled-back:

> The original evaluation showed Pathways had a significant impact on moving people into work. The process evaluation part of that showed one of the things that helped with that was that we invested very heavily in adviser training. It was a really heavy investment. As time has gone on, that has been whittled down. The later phases of Pathways were cheaper in this sense and then the performance went downhill- big surprise!
> **DWP adviser on disability employment, interview September 2011**

Evaluations of the DEA role have found much the same development:

> The service we [DEAs] provide has been diluted so much over the previous five or six years that it bears no resemblance to what we used to do, in fact, in many cases now, the DEAs are being asked to do jobs which really don't need our expertise. They are very basic adviser jobs [...] you are not really a specialis [...] and it doesn't look as a department that we give that service to the customers that we were always dedicated to give.
> **DEA, quoted in Department for Work and Pensions (2006), p.21**

An important observation to make here – and one made by several interviewees – is that whilst the generation of specialist capacity for sick and disabled jobseekers has always been an aim, responsibility for this has been gradually ceded from government to providers: the provision of specialist capacity is no longer something UK central government is committed to doing itself:

> Part of the attraction of the whole contracting-out process is the extent to which it frees-up DWP from what it's been struggling to do. All the research and testing of approaches and making sure all the specialist structures are there is now really up to the providers to get on with it. We'll obviously help with that in terms of sharing our knowledge and some pump-priming money, but the main onus is on the providers. That's the practical side, and there's also the ideological side – that you get that specialist innovation from market competition, not from government doing it all.
> **DWP official, interview May 2012**

The place of the activation of sick and disabled claimants in the national ALMP institutional structure appears to have weakened over time. The number of specialist programmes has been reduced from several to just one, and much of what was done for sick and disabled claimants has been subsumed into a general employment programme, characterised by several interviewees as a dip in commitment for sick

and disabled claimant-specific strategies after the high-profile failure of Pathways. Alongside this, the agenda has never been anchored in specialist organisations, which do not exist for UK ALMP in the way they do in other countries. Some caution is, though, due in drawing too direct a link between political commitment and the transfer of responsibility for the generation and operation of specialist support to external providers. After all, this shift is common to all employment services regardless of claimant group (and indeed a whole range of public services beyond welfare-to-work), and has been a long time coming – it would be a mistake to see it as part of a specific political decision at a given point in time to scale back commitment to activation for sick and disabled claimants. However, especially when examined along with the shift from prescriptive programmes to overseeing policy mainly by outcome targets – the purview of the next sub-section – it does appear to be part of a shift in the *nature* of the political commitment, away from a direct commitment to a given (even if fairly limited) level and type of support specified and regulated by government and towards an indirect commitment to fostering a marketplace of specialist providers beyond the PES which provide specialist support.

8.1.3 Steering, monitoring and target-setting

UK outcome targets for raising the number of sick and disabled claimants of non-employment benefits moving into employment have for the entire period of interests been ambitious. The headline target has been to reduce the number of claimants of incapacity benefits by 1m, a target argued to be achievable in the Freud Report (Freud, 2007), adopted by the Labour government soon after and retained, though in a less high-profile manner, by the Coalition government. As responsibility for the delivery of programmes has been passed increasingly to contracted providers, outcome targets have become more prominent. Pathways to Work did not have any publicly-stated overall outcome targets – though the internal DWP ambition was around 37% of claimants into sustained employment (House of Commons Committee of Public Accounts, 2010)– but these are now major features of both Work Choice and the Work Programme for new ESA claimants[62]. For Work Choice these are 30% of all

62 As part of the contracts it has with providers, DWP only sets a Minimum Performance Level (MPL) for three groups: JSA 25+, JSA 18-24 and new ESA claimants. Providers are still paid on outcomes for the other groups, but they are not monitored for the purposes of contract compliance.

participants to achieve a non-supported job outcome and for 60% of those to stay in employment for 26 out of 30 weeks (Purvis et al, 2013). For the Work Programme the target is for 16.5%[63] of new ESA claimants to be be employed for at least 13 weeks.

The emphasis now placed on job outcome targets appears to come from the fact that there has been a notable shift away from process targets and process requirements. Previous programmes had a significant element of prescription from government. Providers delivering PL-Pathways had to deliver a minimum and fairly closely-defined set of services: five work-focused interviews from the third to the eighth month of the claim, the Condition Management Programme for claimants who asked for it, and assistance for the participant to apply for RTWC. However, as one of the former DWP advisor interviewees explained, providers were very critical of the level of prescription, which gave way to much more freedom for providers in later programmes:

> Pathways was fairly prescribed: here was adviser support, regular interventions and interviews but that was supported with a personalised condition management programme that everyone had to go through and potentially wage subsidies and other support, so it was fairly prescribed from the centre and what that may get to is that providers felt that they were spending more on stuff like condition management or training subsidies that were prescribed on the programme and didn't have enough to spend on the personalised adviser led regular face to face interventions. There must have been some quite difficult conversations about why providers were consistently missing performance targets and job entries. Usually when you have these conversations with providers they say it's because we're not allowed to do what we want to do, if it were more flexible we would deliver better results.
> **Senior DWP and Treasury official, interview May 2012**

A similar pattern can be observed with the DWP internally. Until 2011, DWP had a series of Interventions Delivery Targets (IDTs) which measured the extent to which JCP was delivering certain interventions (usually work-focused interviews) for given target groups (IB claimants for 2006-8) (Department for Work and Pensions, 2008d). Since 2011, however, DWP is only required to achieve two headline outcomes – reducing the monetary value of fraud and error, and getting 90% of new JSA claimants into work within 12 months (Nunn & Devins, 2012) – neither of which relate to sick and disabled jobseekers

63 This figures relates to the majority of the programme, years 2-5. Years 1 and 7 are 5.5% and Year 6, 11% (House of Commons Library 2015).

The main point here regarding political commitment is that over the period of interest there has been a declining willingness, apparently borne out of provider criticisms about the over prescription of Pathways and previous programmes, to commit to specific types or levels of employment-related services. Although there is still a broad expectation that sick and disabled claimants should be able to access a mix of specialist and more general support, UK governments are no longer willing to insist on this contractually and instead have been content to rely on outcome-based contracts to steer service providers.

8.1.4 Trialling, research and evaluation

DWP has historically invested much time, effort and funds in evaluating its programmes and policies and, as reducing incapacity benefits claims and moving sick and disabled claimants came on the agenda in the early-to-mid 2000s, DWP produced a large number of evaluations into its disability employment programmes and research into a whole range of issues around reintegrating sick and disabled claimants back into work. Tables 8/2 and 8/3 below, present the results of a search of the DWP's research database (Department for Work and Pensions, 2013c) for evaluation reports of programmes and pilots, and other research projects on topics around welfare-to-work for this claimant group. A large variety of methods were used, some very intensive and done over some time; from fieldwork with providers, participants and JCP/DWP staff; telephone and web surveys of the same; longitudinal and cohort studies of participants, and cost:benefit analyses.

It is clear from Table 8/2 that the two major pre-2010 programmes, New Deal for Disabled People and Pathways to Work, were very intensively studied. Most aspects of the programmes were studied separately, and some were studied several times over the lifetime of the programmes. The picture is different for the two current programmes: evaluation of Work Choice and Work Programme is much condensed[64], with most aspects of the programmes being studied together in the same evaluation. With regard evaluations of the Work Programme, there are no specific evaluations of ESA/IB participants– they are dealt with alongside other claimant groups and there

64 Whilst fairly limited research into experiences of IB/ESA claimants should be taken into account when looking at political commitment, it is worth bearing in mind that research budgets have been reduced and research projects cancelled or curtailed across most government departments (Tanner 2011).

are no specific sections looking at ESA/IB.

A similar picture emerges when the piloting of programmes is examined. New Deal for Disabled People and JCP-led Pathways to Work were extensively piloted in test areas before being rolled out nationally and additions; refinements and extensions to both programmes were frequently tested, the Job Retention and Rehabilitation Pilots (JRRP), being the most notable. JRRP was a two year randomised control trial that offered around 3000 people on sick-leave a health intervention (principally physiotherapy, complementary therapy or referral to a medical specialist); a workplace intervention (an ergonomic assessment or mediation with the employer), or a combination of both (Taylor et al., 2006). In contrast, neither Provider-led Pathways, Work Choice nor Work Programme were piloted.

Table 8/2: DWP evaluations of disability/sickness employment programmes, with number of evaluations and aspects evaluated

Programme	Number of evaluation reports	Aspects evaluated
Closed programmes/pilots		
New Deal for Disabled People	15	Early implementation; long-term impacts; cost:benefit analysis; organisation, operation and impacts of the Job Broker service; surveys of eligible population; employer survey; evaluation of Personal Adviser Service Pilots; evaluation of Personal Innovative Schemes pilots
WorkSTEP	6	Customer survey; use of a distance-travelled approach; modernisation funds; design, delivery and performance; user and provider views of desirable outcomes
Pathways to Work	26	Participant experiences; influence of outcome-based contracting regime; impact of participation on employment, earnings and self-reported health; mental health; referral practices; JCP-provider liason; cost: benefit analysis; in-work support; sanctions regime; Job Preparation Premium; Return to Work Credit; impact of Pathways on under 25s
Job Retention and Rehabilitation Pilots	5	Impact; participant experiences; employment management of long-term sickness absence
Current programmes		
Work Choice	2	General evaluation based on fieldwork with providers and JCP staff (but not participants) considering design; contracting; service provision; performance.
Work Programme – IB/ESA Groups	5	No specific evaluations of ESA/IB payment groups, but considered in several evaluations looking at: commissioning model; procurement; supply chain; financing; delivery; participant experienced based on two participant surveys

Source: Department for Work and Pensions (2013c)

Table 8/3: DWP research projects on issues around return-to-work for sick and disabled people, 2006-2013

Research title (explanation)	Year
Causes of lower satisfaction from DWP customers with a long-term illness or disability	2010
Programmes to promote employment for disabled people: Lessons from the United States	2008
Differential pricing in contracted out employment programmes: Review of international evidence	2009
Mental health and employment (Results of a survey with employers and people with experience of moving in and out of work from/to IB).	2008
What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions	2007
E*conomic and social costs and benefits to employers of retaining, recruiting and employing disabled people and/or people with health conditions or an injury: A review of the evidence*	2006
Disabled working age benefits claimants survey (General survey of disabled claimants of the principal working-age benefits)	2013
Mental health in context: the national study of work-search and wellbeing (Survey of needs of JSA claimants with mental health conditions)	2012

Source: (Department for Work and Pensions, 2013c)

Recent UK government's enthusiasm for so-called evidence-based policy (EVP) has been a subject of frequent discussion and critique, not least in welfare-to-work policy, see, for example, Robinson (2000) on the mixing of evidence and pre-determined policy in the design of the New Deal for Young People and Davies (2008) on the ignoring of evidence of problems with outcome-based contracting by New Labour governments. Whilst this is not the place to outline these critiques, the evidence presented here seems to largely confirm these criticisms. UK governments seemed, in the earlier 2000s, to be genuinely open to the possibility of distinctive and innovative approaches to helping sick and disabled claimants. This is reflected in the trialling of a number of different designs of Pathways to Work, for example, and the range of different types of support within Pathways itself. An emergent theme throughout this chapter, however, is that over time there has been a subsuming of ALMP for sick and disabled claimants under a broader welfare-to-work agenda, and the same appears to apply to the use of evidence. Post Pathways policy, for example, has systematically ignored a range of positive outcomes of Pathways in the rush to implement the Work Programme, to the extent of misrepresenting the purpose of the Condition Management Programme in order to justify abolishing it (see section 8.2.1).

8.1.5 Resource commitment

Expenditure for the UK was obtained through a Freedom of Information request to the DWP statistical division (see Table 8/4 below and Appendix A2 for full request). The reply provided data for all relevant programmes from 2007/8 to 2012/13. The spend per year up until the advent of the current programmes shows no clear trend, but fluctuates between £357m and £456m. As expected, given that Work Programme does not take as many ESA claimants as Pathways and the stopping of funding to Remploy factories, expenditure tails off to below £300m[65] after 2011. Considered alone, this seems like a significant commitment of resources. The current government in particular has been at pains to emphasise its budgetary commitment to specialist services for the sick and disabled non-employed: specialist disability employment services were the only part of DWP expenditure to be ring-fenced from cuts. Spending earmarked for Work Choice, Remploy, Access-to-Work and some smaller schemes to a total of £320m was protected for five years from 2010 (see Appendix A3 for FOI

65 Expenditure dips below the ringfenced £320m as there are some items of expenditure within that which I do not include as they are not activation expenditure.

request regarding the specialist disability expenditure ringfence).

However, some context is needed here. Firstly, it is important to remember that in the period covered by the data, the introduction of the ESA-WRAG group and the re-assessment of IB claimants onto ESA means that there were steep year-on-year increases in the number of claimants expected to ready themselves for and seek work. By the end of 2013/14, for example, the ESA-WRAG group had grown to 533,490[66] and so expenditure does not appear to have increased with the number of claimants newly expected to seek work. Indeed, one would expect to see much higher spending on Work Choice given these potential new participants if referrals to Work Choice were not capped.

Secondly, as with Denmark, it is possible to view spending on activation in the context of spending on incapacity benefits and on activation cross all groups. Graph 8/1 shows that spending on activation for sick and disabled claimants is only 2%-3% of spending on benefits for the same claimants. Expressed as a percentage of total ALMP spending across all groups, again specialist service and programme spending is low: below 10% for all of the period for which data is available.

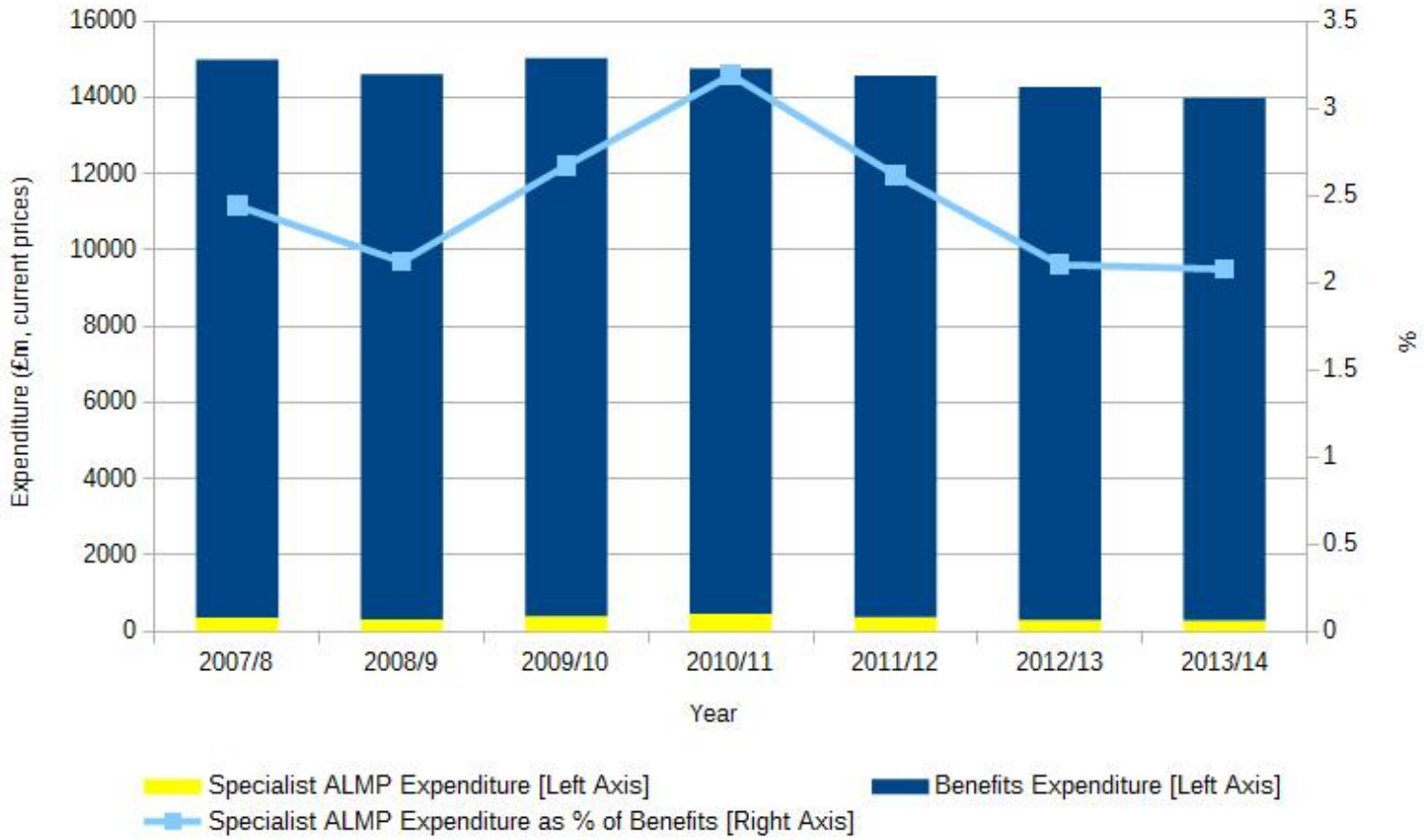
66 DWP ESA Tabulation Tool, http://tabulation-tool.dwp.gov.uk/100pc/esa/tabtool_esa.html, Selections: Analysis – Caseload (thousands); Row – Time Series; Column – Phase of ESA claim; Susbet: None. Figure is for May 2014.

Table 8/4: Expenditure (£) on UK specialist disability and sickness employment measures, 2007/8 – 2013/14

Programme	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14[67]	2007-13
Residential Training Colleges	17,085,498	17,692,415	17,767,988	18,229,214	15,643,284	14,581,902	13,200,000	114,200,301
Blind Homeworker Scheme	1,416,280	407,763	278,356	532,580	117,027	381	200,000	2,952,387
Pathways-to-Work (Excl Provider-led)	59,661,742	90,973,521	93,356,258	94,531,980	37,687,611	28,233,863	25,200,000	429,644,975
Provider-led Pathways-to-Work	10,325,088	99,134,367	84,465,155	88,145,037	8,805,432	80,642	0	290,955,721
Disability Employment Advisors	91,558	50,940	46,262	44,609	2,988	1,082,800	1,400,000	2,719,157
WorkSTEP	66,270,544	66,567,121	66,788,812	40,772,051	2,363,327	-96,122[68]	0	242,665,733
Work Preparation	10,579,945	11,106,638	11,221,359	8,979,410	20,278	-15,063	0	41,892,567
Remploy Resource Grants	191,840,000	173,500,00	117,230,000	172,780,000	195,090,000	104,797,675	82,800,000	1,038,037,675
Work Choice	0	0	0	32,159,407	78,513,189	82,836,130	85,900,000	279,408,726
Work Programme (ESA Payment Groups only)	0	0	0	0	31,058,959	58,791,078	74,900,000	164,750,037
Flexible Support Fund (Sick/disabled customers only)	0	0	0	0	2,123,210	3,462,447	1,100,000	6,685,657
Total	357,270,655	459,432,765	391,154,190	456,174,288	371,425,305	293,755,733	284,700,000	2,613,912,936

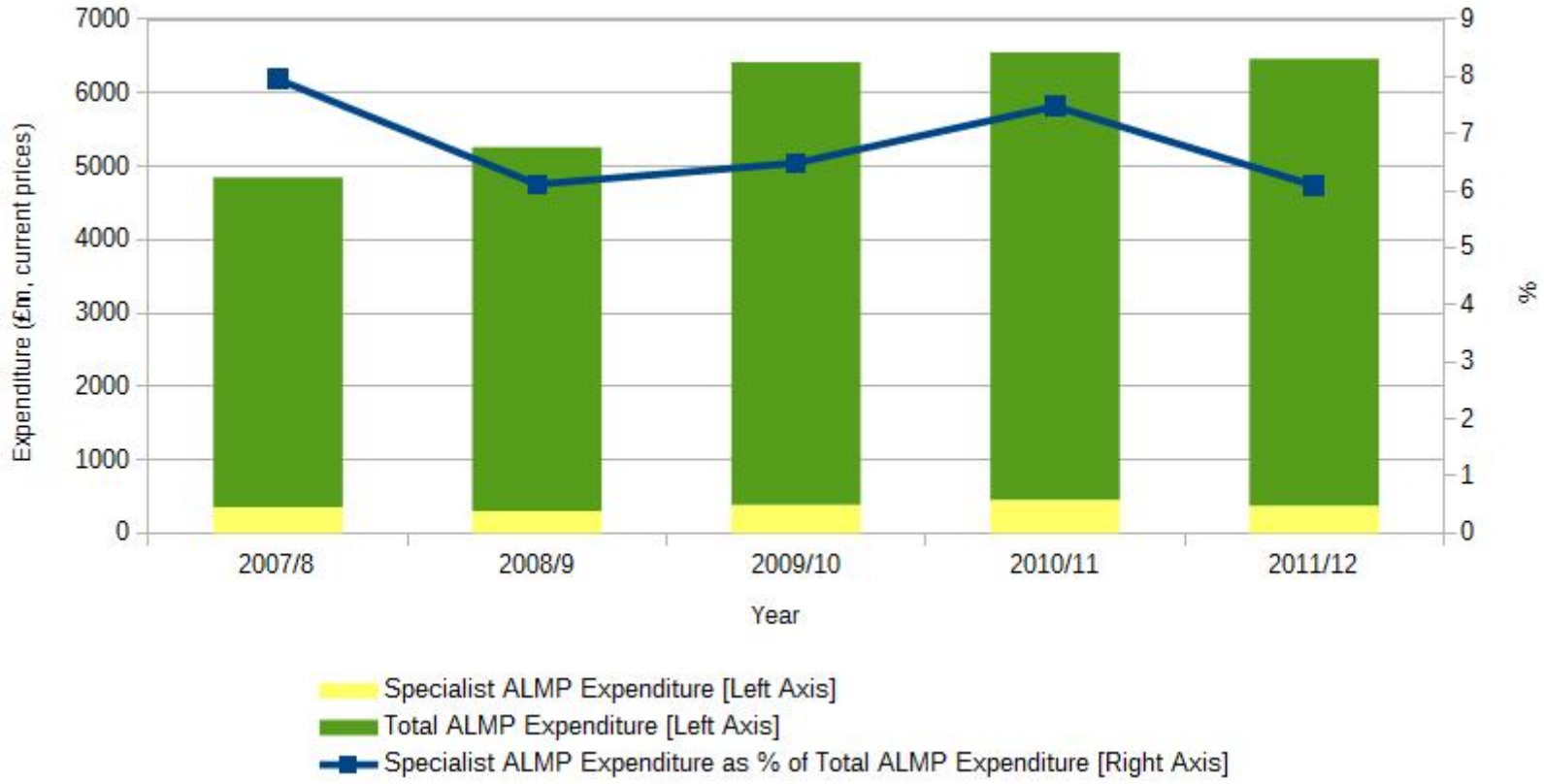
Source: FOI request to DWP (Reproduced in Appendix A2)

67 Non-rounded figures for 2013/14 were not provided.
68 Negative numbers indicate recovered expenditure after the closure of a programme



Graph 8/1: Total UK expenditure on Specialist ALMP as a percentage of expenditure on incapacity-related benefits, 2007/8-2012/13

Source: Specialist ALMP data – FOI request to DWP (Reproduced in Appendix A2). Benefits data – Department for Work and Pensions (2015a), Incapacity Benefits tab, Row 54



Graph 8/2: Total UK expenditure on Specialist ALMP as a percentage of total expenditure on ALMP, 2007/8-2011/12[69]

Source: Specialist ALMP data – FOI request to DWP (Reproduced in Appendix A2). Overall ALMP data – OECD. SocEx Detailed database. Options – Source: Public, Branch: Active Labour Market Programmes, item 826.10.6.0.0.0 Country: United Kingdom http://stats.oecd.org/BrandedView.aspx?oecd_bv_id=socx-data-en&doi=data-00167-en#

69 Data for overall expenditure is not available for 2012/13 and 2013/14. Data has not yet been published by OECD SocEx or Eurostat's LMP database. Expenditure for these years is available in DWP's Annual Report and Accounts 2014/15 (DWP 2015b), but non-programme expenditure (e.g. JCP expenditure) is aggregated into the category of Operational Delivery. Desegregating ALMP expenditure from this is beyond the £600 limit set by the Freedom of Information Act 2000.

This very much coincides with comments made by almost all of the current and former DWP interviewees on the nature of the department's financial commitment. Several argued that the DWP has been risk-averse in terms up-front investment on programmes for sick and disabled claimants:

> If you are talking about a serious strategy to make inroads into the IB stock – about 100,000 people – you're looking at about £500m, based on the £5000 per job[70] figure we had for NDDP, and more really, as you move beyond the volunteers. That scale of investment was never going to be there. There is tendency to look for transformational change for marginal investment. It's a bit optimistic to think you can spend a few hundred quid on a few interviews and get outcomes worth thousands of pounds. If you want to make these major changes, you need to think about investing huge amounts of money and giving it time.
> **DWP adviser on disability employment, interview September 2012**

Comparing the programmes operating in the period of interest substantiates the idea that the commitment to fund programmes has declined over time, see Table 8/5, below. NDDP, Work Preparation Programme and Pathways (assuming participation in all interviews and CMP) cost between £1200 and £2000 per referral, with substantially higher funding per referral on the supported and sheltered schemes. For Work Programme, the figure is £789 per claimant[71]. Even accounting for the fact that spending this low was unlikely to have been the DWP's intention – Centre for Social and Economic Inclusion (2014) estimate that the WP Invitation to Tender was based on an assumption of £1170 – it is a notable decrease on previous schemes. Regarding Supported Employment, the average cost of Work Choice is substantially lower than WorkSTEP, which gives credence to the claims made by interviewees presented later on in the chapter that there was an element of cost-control in the switch between the two programmes.

70 The per referral figure is £1289 (see Table 8/5 below).

71 Calculated thus: All types of ESA/IB claimants represent 17% of total WP attachments (DWP tabulation tool) at December 2014. Total cost of WP to March 2014: £1.372bn (DWP 2014f). 17% of £1.372bn = 233,240,000. Total number of ESA/IB participants to March 2014: 233,290. 233,240,000 / 233,290 = £789 per claimant. Although this may seem like a crude method, these figures are very close to those of Centre for Social and Economic Inclusion (2014), p.27; IPPR North (2014), p.12 and National Audit Office (2014), p.54. Similarly, whilst the method (dividing the total yearly cost by the number of referrals in that year) used to get the figures in Table 8/5, below, might seem rough-and-ready, they are in fact very close to other sources that have had privileged access to DWP accounts data. Compare, for example, the Provider-led Pathways to Work figure of £560 to that for the same in National Audit Office (2014), p.54, of £600. The £40 difference is likely to stem from the fact that the former is for one year only and the latter is for the whole scheme.

This hesitancy in committing large amounts of up-front funding appears to stem from a doubt, seemingly instilled by the failure of Pathways, that such programmes do not offer value for money, especially when compared to benefits reforms:

> A […] perspective came from the Treasury which was always there below the surface, but never explicit, that ultimately there was no return for this investment. There was a process called PVP, Public Value Programmes, where the Treasury asked departments to set out the costs and benefit of everything they spent their money on – it was part of the early stages of fiscal consolidation under the previous [Brown] government – and there was a very clear understanding that labour market policies for JSA clearly work, but the economic value of intervening for people on ESA/IB, people with health conditions, is not proven, so I think the Pathways stuff did massively undermine that. I think that in many ways it is more efficient to just try and reduce the amount of people on benefit in the first place […] If your objective is to reduce the number of people on benefit stop them getting in there, wait for them to leave of their own accord, or die and have a programme to support people on the margins, you'll get the numbers down.
> **Senior DWP official, interview May 2012**

Table 8/5: UK specialist employment programmes' cost per referral

Programme	Number referred/ participating[72]	Total Expenditure (£)	Cost per referred referral/participant (£)	Data from year
Pre-210 Programmes				
New Deal for Disabled People	242,000*	312,000,000	1289	2001-07
WorkSTEP	5700	66,788,812	11,717	2009/10
Work Preparation Programme	6900	11,221,359	1626	2009/10
Jobcentre Plus-led Pathways to Work [Condition Management only]	31,060	25,000,000	804	2008/09
Provider-led Pathways to Work	150,660	84,465,155	560	2009/10
Remploy Supported Enterprises	2800*	63,000,000[73]	22,500	2009/10
Residential Training Colleges	840	17,767,988	21,152	2009/10
Post-2010 Programmes				
Work Choice	27,280	85,900,000	3148	2013/14
Work Programme	99,200	74,900,000	755	2012/13

Sources: Expenditure data from Table 8/4 above and referral data from Table 8/6 below, except: RTCs and Remploy Supported Enterprises – Sayce (2011), p.110 for Remploy and p.113 for RTCs).
NDDP – National Audit Office (2006), p.6

72 Figures are for number of referrals to the scheme, unless indicated by an asterisk. It was not possible to get a full set of referral nor enrollment figures, and so a mix has had to suffice. This is not ideal because, depending on the length of the scheme and outflow, they might be quite different. For schemes where participants stay for some time, e.g. Work Programme and Work Choice – using a referral figure is likely to overstate the average spent per person.

73 This figure does not match that in Table 8/4 as this is for the RSE budget only. The 8/4 figure is for all Remploy funding.

At the same time, the increase in resources to deal with the impact of the economic downturn appears to have directed funding away for sick and disabled claimant schemes:

> Nobody has actually said 'this comes out at the expense of scrapping schemes for disabled people' but you have to think that if we hadn't been spending all that money introducing new initiatives on helping the short term, and particularly youth, unemployed, then there might have been more space.
> **DWP Official, Interview January 2012**

8.1.6 Political commitment: conclusions

The individual stories about the scope of activation, building institutional and specialist capacity, steering activation and expenditure demonstrate broadly similar patterns about the UK central government's political commitment to activation for sick and disabled non-employment benefit claimants, a pattern which has two distinct phases.

The feeling amongst policymakers at the start of the period of interest in the middle of the last decade appears to have been that large numbers of claimants of incapacity benefits could and should be re-engaged in jobseeking by enforcing attendance at a set of interviews which would then act as gateway to a range of general and specialist support they could be encouraged to use on a voluntary basis, and that this would drive significant numbers of work entries. Alongside this would sit alternative arrangements for those requiring sheltered or supported employment. This was backed by more investment than there there had ever been previously and, at least initially, investment in building the PES's specialist knowledge and capacity.

The apparent failure of this approach appears to have led the UK government to revise downwards their expectations of what can be gained politically and fiscally from such an approach and thus what should be invested politically and financially in the first place. The shift from Pathways and the various smaller programmes that went alongside it to Work Programme and Work Choice was said by several DWP interviewees to represent a shift downwards in both the size and nature of the policy commitment, and in respect

of the latter, the subsuming of a specific effort to get sick and disabled claimants into active measures and then into employment within a broader activation strategy focused on job outcomes of any type of claimant.

As well as taking fewer participants – the issue of size and access is looked at in detail later – the investment per referral becomes substantially lower over time. Parallel to this has been a shift in the nature of what government is prepared to do for this group of claimants: away from the development, design and operation of specialist support towards a commitment to provide incentives for these processes to develop beyond the aegis of the government and PES. This is not easily characterised as stronger or weaker commitment, but it certainly does have an impact on the institutionalisation of activation in a number of ways, as the later sections of this chapter explain.

8.2 The Activation offer: activation services offered to sick and disabled benefit claimants

Unlike in the Danish case, where most of the activation programmes continue throughout the period of interest, the same period (2006/07-2013/14) spans the operation of two broads sets of programmes. New Deal for Disabled People, the Work Preparation Programme, WorkSTEP and Pathways to Work were all in operation by 2007 and ended in 2010 or 2011. There were also sheltered training colleges funded by DWP but operated independently and sheltered employment places, operated indirectly by DWP through Remploy[74]. These were replaced by two successor contracted-out programmes, Work Choice (in 2010) and the Work Programme (2011), with non-contracted provision being delivered in-house as the Jobcentre Plus offer, with some provision being phased out entirely. It is therefore helpful to split the following discussion into two halves. This also provides a natural framework with which to assess if there has been a change over time in the type and scope of support that has been offered.

8.2.1 Pre 2010/2011: Sheltered Employment, Residential Training Colleges, WorkSTEP, Work Preparation and Pathways to Work

Sheltered Employment and Training: Remploy Sheltered Enterprises and Residential Training Colleges

Starting from those with the greatest distance from the open labour market and needing sheltered employment or training, DWP funded Remploy factories and Residential Training colleges, with about 3000 and 800 places, respectively (see Table 8/6, below). Until 2013, Remploy operated a network of factories offering sheltered employment to people with severe disabilities. The employment offered was mainly manual and traditional in nature, including bookbinding and furniture manufacturing. DWP funding supported 2800 places in 2009, at a cost of over £20,000 per place, per year (Sauce, 2011). Given that the factories did not make a profit and that employees often did not have sufficient work to do, the DWP were no longer willing to fund

74 These continue to operate but DWP funding was ceased in 2015 and 2013, respectively. They are included in the former group as their funding was slated for elimination at the same time as the closure of previous programmes.

them and, after a broadly negative account of their value in the Sayce Review of Specialist Disability Employment Support (Sayce, 2011) most were closed in 2012 and 2013. There was also a broadly-shared (but not unanimous) opinion amongst DPOs that the Remploy factory model was outdated (it had emerged out of WWII as a source of employment for injured soldiers) and isolated disabled people from mainstream employment.

Similarly, Residential Training Colleges (RTCs) provide a range of vocational courses and personal support and care in a residential setting and DWP funded 840 places at 9 colleges in 2009/10. As with the Remploy factories, however, the low outflow into jobs (230 jobs in 2009/10) and high cost – £18m in total and £78,00 per job (Sayce, 2011) – was considered highly inefficient and the Sayce report recommended that direct funding should cease. A later Independent Advisory Panel report, however, recommended continuing to fund RTCs and at the end of the period of interest, they looked to have been given a reprieve[75].

Supported Employment: WorkSTEP

The UK's supported employment programme from 2001 to 2010 was WorkSTEP. Replacing the Supported Employment Programme (SEP). WorkSTEP providers had to aim to progress 10% of participants into mainstream employment within one year and 30% within two years (Department for Work and Pensions, 2006). It aimed to develop and improve employability; encourage personal development and promote independence; meet the needs of disabled people facing the most significant barriers to employment, and enable individuals to work effectively in a job and support them and their employers. Compared to SEP, which relied on job subsidies, there was an emphasis on moving away from subsidies to providing individual support. Perhaps surprisingly, although WorkSTEP was marketed as a specialist programme for claimants with complex employment barriers, the criteria for WorkSTEP eligibility stated that participants should be 'job ready' and be able to enter employment within 8

75 Direct funding of RTCs will end in September 2015. Instead, RTCs were invited in early 2015 to bid to provide a new Specialist Employability Support (SES) programme. SES will get £13m funding per year to help 1700 claimants, with 6 providers expected to source additional funding. Four of these will support people with all kinds of disabilities, one for people with visual impairment and one for those with hearing impairment. SES is split into two sub-programmes. SES is intensive, end-to-end provision for those most in need of support and SES Start Back is aimed at participants who can take part in Work Choice or Work Programme, but who need extra support first (DWP 2015b)

weeks (ibid). As a result, there appears to have considerable variation in the understanding of Jobcentre Plus advisers and providers in what kind of claimants was eligible for the programme, and thus in referral practice, an issue which recurred in the Work Choice successor programme.

General support: Pathways-to-Work

After the apparent success of the New Deal for Disabled People, the DWP began to look at extending a similar kind of support to the greater part of the IB population, and this resulted in Pathways to Work. Pathways consisted of a core of six usually compulsory work-focused interviews for new claimants of IB – and ESA WRAG claimants after the introduction of ESA. These were held over the first 12 – initially eight – months of the claim. Voluntarily, the claimant could then access additional support – including the Condition Management Programme (CMP), which was designed to help claimants manage their disability or health condition in an employment context – or a range of other programmes, and a £40 Return to Work Credit (RTWC) paid for the first 12 months of employment to programme leavers earning less than £16,000 annually. Existing IB claimants could also volunteer to take part in PtW.

Pathways was trialled in 2003/4 in 7 Jobcentre Plus districts and then extended to a further 14 in three waves in 2005 and 2006. From 2007 it was extended nationally but delivered by contracted providers[76]. Pathways was the biggest employment programme for sick and disabled claimants, with 2.39m going through the programme, though around 500,000 of these took part more than once (see Table 8/9, section 8.3). Evaluations estimated that the programme could raise job entries by 25% but this projection was based on claimants who inquired about claiming IB, and not those who claimed it and were actually registered on the programme (House of Commons Committee of Public Accounts, 2010). This led to overly optimistic expectations of the potential impact of Pathways, which appears to have been relatively minimal, at least in terms of job outcomes. Evaluations of the programme when fully rolled-out showed that claimants on Pathways were not more likely to enter employment than those not

76 Hence, most data exists for Provider-led Pathways and Jobcentre Plus-led separately and some caution must be exercised drawing conclusion about Pathways to Work as a whole, as it was operated in effect as two separate programmes. Due to the nature of the contracts, fairly limited data is available for the former.

taking part (Knight, et al., 2013)

Due to the 'Black Box' nature of the contracts, information on what services Provider-led Pathways participants received in addition to WFIs is relatively limited. Support offered appears to have been of a fairly generic nature, with an emphasis on help with job search, applications and CV writing, though there were some examples job-specific training courses, such as on IT and health and safety (Tennant, Kotecha & Rahim, 2012)

The Condition Management Programme is worth looking at it more detail as it is the first example of health-related support being offered to claimants experiencing health issues as part of an employment programme in the UK. The UK is unusual in never having had a rehabilitation scheme, whereby employment services and health-focused support are provided together. It first tested this approach in the form of a randomised control trial between 2004 and 2006 – the Job Retention and Rehabilitation Pilots (Farrell et al 2006), whereby claimants were offered health treatment (including psychotherapy and physiotherapy) or a workplace intervention (an ergonomic assessment, for example), or a combination of both.

Whilst CMP was delivered in part by the NHS, it is important to point out here is that it was not a health treatment programme per se and did not, unlike JRRP, offer health services. As the name suggests, participants were offered advice and guidance in becoming aware of their condition and being able to manage it in everyday life, including in the workplace. Given that mental health conditions are the single biggest health condition or disability experienced by IB claimants, it is somewhat surprising that measures focusing on helping claimants manage their mental health condition were largely absent for the period of interest, present in part in the form of CMP. Participants with mild to moderate mental health conditions were one of the three target groups, along with people with musculoskeletal and cardiovascular conditions, but mental health support appears to have been limited to behaviour-modification Cognitive Behavioural Therapy (CBT)-type approaches, rather than more intensive treatment: typical courses offered support around breathing techniques and advice on improving personal and employment relationships (Nice & Davidson, 2010). Educating claimants on how how to practically manage their physical problems and managing

their pain appear to be as far as CMP got in offering physical health support. Some providers offered general CMPs that did not focus specifically on one of the three groups of conditions (ibid): these were typically support around sleep and routine, healthy living and working practices, motivational strategies, and so on. There were not any requirements around the training of CMP staff. Some providers used primarily clinically-qualified staff (community nurses and occupational therapists, for example) whilst others used both clinically-trained and untrained staff (ibid).

The fate of CMP tells us a lot about the changing agenda around this time. A 'lessons learned' summary of CMP produced by the DWP[77] (Randall & Department for Work and Pensions, 2011) argued that it represented poor value for money because it did not have an employment effect. As the same document points out, however, CMP was meant as ancillary support alongside the main Pathways interventions, rather than being aimed at increasing inflows into employment specifically. See also Lindsay & Dutton (2013) for a fuller account of this. Another aspect of the demise of CMP is that it appears to have become lost in the move to the black box, provider-led system represented by the Work Programme and Work Choice:

> CMP was just a toe in the water in terms of getting properly into the health side of the IB issue and it was really just an add-on to what DWP already doing around Pathways, but it was pretty promising all the same. It was assistance to help them manage their conditions rather than actually treat them, but the positive evaluations showed what you could achieve if they kept going down that route. The problem was that when the feedback came back from CMP they had already started to move into the whole single employment programme and black box process that eventually resulted in the Work Programme, and so a separate defined health component got lost in that. Obviously we and probably the DWP would expect that providers with ambitions around the hardest to help would be having something like what we did with CMP, but that's up to them and it doesn't look like it is featuring in any big way.
>
> **Chief researcher, leading DPO, inteview December 2013**

This is corroborated by the DWP 'lessons learned' report looking at CMP, which makes a similar point:

> The decision about the future of CMP was initially tied up with the wider decision about the future of/replacement for Pathways to Work. It was then reviewed under the Coalition Government's decision to fold existing provision into the Work Programme. As the Work Programme was to be delivered under the 'Black Box' model, providers could not be mandated to provide specific support, so there was never a contractual obligation to deliver CMP or similar within the Work Programme.

77 I am grateful to Colin Lindsay for facilitating access to this.

Randall & Department for Work and Pensions (2011) p,13

Work Trials: Work Preparation Programme

Despite running for many years – from the mid-1990s until 2010 – not very much is known about the Work Preparation Programme (WPP) as it has only rarely been evaluated – indeed, many interviewees from both DWP and DPOs were not aware of it. WPP was meant to allow sick and disabled claimants to try employment through a work placement and support alongside it for 6 – 18 weeks without losing benefit eligibility (European Observatory of Working Life, 2009). Evaluations of WPP have been mixed to negative, with criticism directed at the low levels of additional support; work trials being too short in duration and poor effectiveness (Riddell, Banks, & Wilson, 2002). As with some of the other programmes running at the same time, there was a wide range of interpretations about the WPP's audience and purpose, but over time it appears to have moved from being open to any sick or disabled claimant of any benefit towards those most likely to enter employment within 13 weeks (Roulstone & Barnes, 2005), with 30% of participants expected to be in work within 13 weeks (European Observatory of Working Life, 2009). Accordingly – and as is case with Work Choice currently (see below) – there appeared to be an element of screening out of harder-to-help claimants (Roulstone & Barnes, 2005). That would explain the steep drop-off of IB/IS/ESA/SDA participants and the increase of JSA claimants the WPP caseload figures show between 2006/07 to 2009/10– 32% to 17% and 35% to 50% of the total, respectively (Freedom of Information Request to DWP, reproduced in Appendix A6). Although there was official advice to the contrary, it appears to have been used as a feeder programme to other programmes, including WorkSTEP and Access to Work[78] (Department for Work and Pensions, 2006). 'Rationalisation' of WPP (along with

78 Access to Work (AtW) is the other main employment-related initiative for disabled people. It supports disabled people to take up and retain paid employment by helping with payments for aids, adaptations and support so disabled people can work effectively. Support can include specialist equipment, help with travel, support workers and communication support. It is provided where the employee requires support or adaptations beyond those 'reasonable adjustments' which an employer is legally obliged to provide under the Equality Act 2010. Access to Work also provides advice to employers on reasonable adjustments. It was launched in June 1994 and is delivered by Jobcentre Plus. Access to Work is available to people in full-time work (16 or more hours a week), people undertaking permitted work (low hours work while still claiming out-of-work benefits), and to people undertaking apprenticeships or Work Trials arranged through Jobcentre Plus. Given that AtW is primarily about workplace accessibility, it is not considered an ALMP for the purposes of this research. It does, however, form part of the broader policy context for ALMP for disabled people – regarded as a successful programme, money saved from cutting funding to the sheltered and supported employment offered by Remploy and RTCs was redirected to AtW.

WorkSTEP and others) appears to have been considered at several points in the 2000s (ibid), but this wasn't done until 2010, when WPP; WorkStep and the Job Introduction Scheme were merged in the formation of Work Choice.

Table 8/6: Employment programmes for or accepting sick and disabled claimants, number of starts during last year or latest year, length and target group

Scheme	Type	Total yearly starts at last or latest year[79]	Length[80]	Target group
Closed programmes				
Remploy Sheltered Enterprises	Sheltered employment	~2800	N/A	Long-term unemployed adults with moderate to severe disabilities and serious health conditions who would benefit from time in sheltered work.
WorkSTEP	Supported employment	5700 [Total] 3010 [ESA/IB/IS/SDA]	Pre-work support: Formally 8 weeks, but practice varied	Principally IB claimants with a disability who are not immediately ready for independent work and require sustained support (Department for Work and Pensions, 2006).
New Deal for Disabled People	Job Brokerage	40,010 [81][82]	Typically 1-3 months	Any claimant of incapacity-related benefits (principally IB, SDA, DLA, IS-D) (Stafford et al 2007)
Work Preparation	Work trials	6900 [Total] 1242 [ESA/IB/IS/SDA][83]	Typically 16 weeks	Disabled people claiming any benefit likely to achieve an employment outcome within 13 weeks of starting the programme (Riddell et al., 2002).
Jobcentre Plus Pathways to	General employability	295,840	6 WFIs within 6 months.	All IB/ESA applicants except those with severe conditions or identified as being able to return to work without assistance (Adam et al 2008)

79 Or other year, indicated in brackets
80 Sources as for Target Group, unless other indicated.
81 New Deal for Disabled People became part of Jobcentre Plus-led Pathways to Work in 2006 put continued to provide services until the end of Pathways in 2011.
82 No start figures available. This figure is the programme size in May 2007 minus size in May 2006.
83 Individual breakdown of starts not available. This is an estimate based on the fact that 18% of the total caseload for the final year was ESA/IB/IS/SDA claimants (See FOI request, Appendix A6)

Work Pathways Choices Condition Management Programme	+ gateway to more specialist support Health condition awareness and management	56,023 16,670	(Department for Work and Pensions, 2010c) 6-12 sessions	Pathways participants with a mild to moderate mental health, musculoskeletal or cardiovascular condition.
Provider-led Pathways to Work	General employability + gateway to more specialist support	150,660 (2009/10)[84][85]	5 WFIs over 5 months	
Current programmes				
Work Choice	Supported Employment	27,280 [Total] 5220 [ESA/IB/IS/SDA groups][86]	Pre-work support: up to 6 months.	Claimant of any benefit who needs cannot be met through mainstream support, workplace adjustments or mainstream programmes; who experience complex work-related support needs arising primarily from disability; need support in work as well as help finding work, and who will be ready for supported employment within 6 months (Department for Work and Pensions, 2015c).

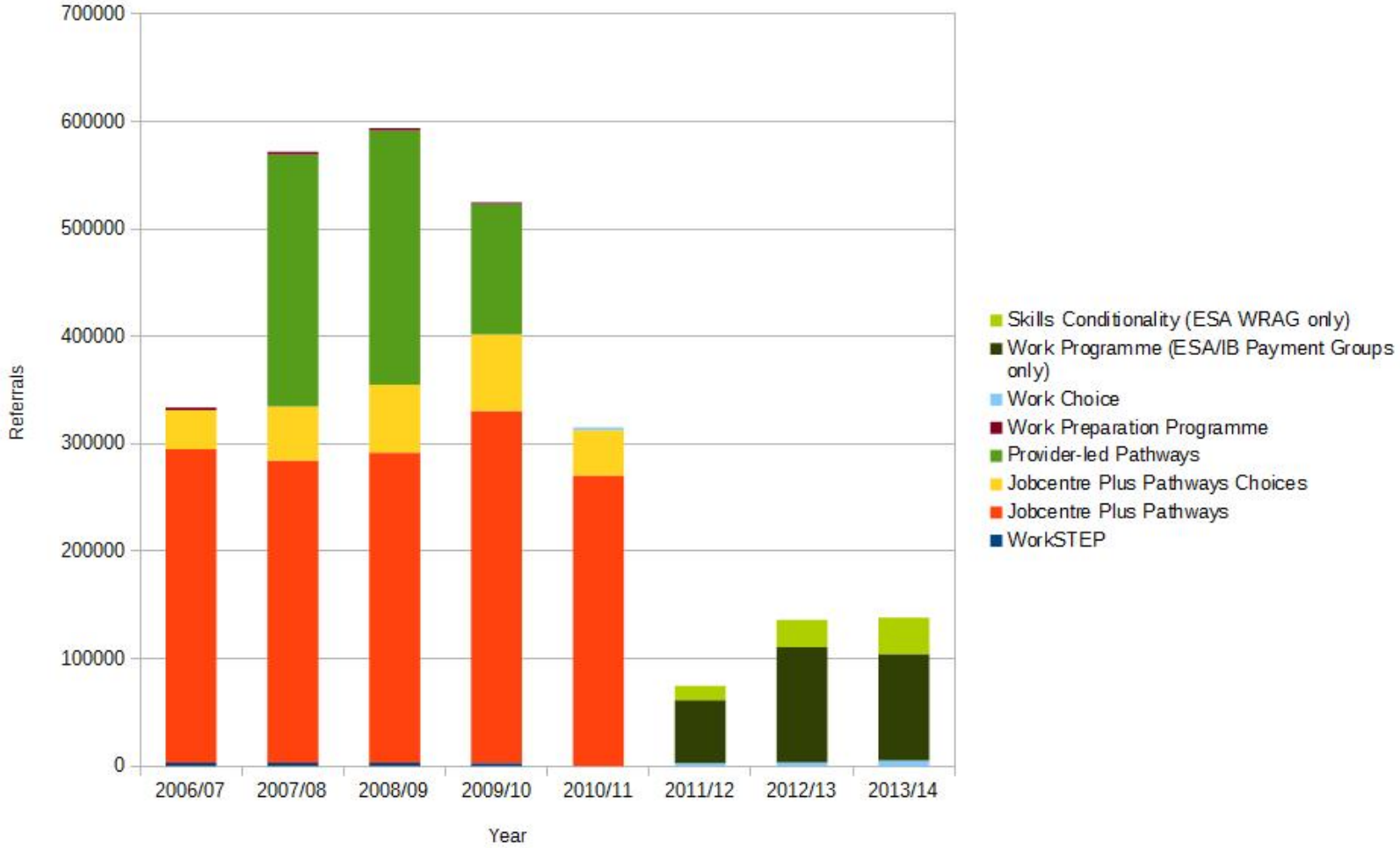
84 Figure is for penultimate year. DWP Disability and Work Division 2010

85 Choices data for Provider-led Pathways to Work was not made available. If Choices participation was of the same level as Jobcentre Plus-led Pathways (16% of all participants), it would have been ~7700

86 Excludes Remploy referrals.

Work Programme	General employability	347,000 [Total] 99,200 [ESA/IB/IS Payment Groups]	Up to 2 years	ESA claimants capable of work-related activity and ready for work within 12 months or less.
Jobcentre Plus Offer	General employability	N/K	Continual. 2 offers per year.	ESA claimants capable of work-related activity
Skills conditionality	Basic skills courses	33,800	Variable, depending on type of course	ESA claimants capable of work-related activity
Residential Training Colleges	Sheltered training	~840 (2011)	N/A	Long-term unemployed adults with moderate to severe disabilities and serious health conditions who are unable to access suitable local training (Griffiths, Durkin, & Mitchell, 2007)

Sources: Participant numbers. Mandatory FE and Training – Department for Work and Pensions & Department for Business, Innovation and Skills (2015), p.13; Work Choice – Department for Work and Pensions (2014c), p.11; Provider-led Pathways – (Knight, et al., (2013), p.83 and DWP Disability and Work Division (2011b), p.13 and 17; Jobcentre Plus-led Pathways and Choices DWP Disability and Work Division (2010a, 2011a), p. 9, 14/p.9,13; Work Preparation Programme – Freedom of Informatiom Request to DWP (Reproduced in Appendix A6); WorkSTEP – FOI Request to DWP (Reproduced in Appendix A.4); NDDP – NDDP Tabulation tool: *http://tabulation-tool.dwp.gov.uk/new_deals/nddp/live/dp_p/tabtool_dp_p.html*; Work Programme – As for Table 8/7, below.



Graph 8/3: Referrals to UK programmes, 2006-7 – 2013/14

Sources: As for Table 8/4, above

8.1.2 Post 2010/2011: The Work Programme; Work Choice and the Jobcentre Plus Offer

The Work Programme

Upon taking office in May 2010, the new government decided to end Pathways in favour of rolling it into the new Work Programme, which occurred in June 2011. The Work Programme is a unified employment programme accessible by claimants on any out-of-work benefit which replaced Pathways to Work, the remaining elements of the New Deals, and the Flexible New Deal programme for Jobseekers. The programme is delivered entirely on a contracted basis by external providers, with the Jobcentre Plus network providing only pre-Work Programme support in the first months of employment. Two to three Prime Providers (PPs) operating in 18 Contract Package Areas (CPAs) across Great Britain hold contracts for five years to provide employment support to the claimants referred to it in return for an initial payment (an Attachment Fee) and further payments when claimants enter employment and, in contrast to previous programmes, retain it for a specified period of time. Claimants are assigned randomly between a CPA's set of providers on a random basis. Claimants can remain on WP for 24 months.

When and on what conditions claimants access the programme and the payment they attract depends on the benefit they are paid. ESA-WRAG claimants are required to take part as a condition of their benefit. ESA-Support claimants can access the programme on a voluntary basis. Successful work with claimants with a current or previous ESA/IB claim usually pays more than for JSA claimants (see section 8.4 for a fuller discussion of the payments system), with ESA claimants who have previously claimed IB and voluntarily accessing the programme attracting the highest potential payments. Within minimal other controls over providers, the payments system is the main way provider behaviour in terms of the engagement is managed. The Work Programme was commissioned according to the DWP's 2008 Commissioning Strategy (Department for Work and Pensions, 2008a) one of the main principles of which was that innovation and quality in employment service provision would benefit from minimal prescription from government, leaving providers to operate in a 'black box' to offer employment support in the way they choose. As a result, providers are mainly accountable for their outcome targets – poorer performing providers can have their

flow of claimants reduced and eventually have their contract terminated for underperformance – and their self-designed Minimum Provision Levels (MPLs).

Section 8.2.3 on what services are promised to claimants and the extent to which they constitute a right to support; 8.3 on access to WP and 8.4 on managing providers to help sick and disabled claimants go into more detail about how sick and disabled claimants have fared on the Work Programme in comparison to previous programmes.

Work Choice

Work Choice is the UK's current supported employment programme. Given that it was designed under the previous Labour government[87], Work Choice operates outside the Work Programme framework (indeed, it is the only programme to do so), though it was contracted under the same 2008 Commissioning Framework. It is aimed at "ensuring a greater focus on disabled people with the highest support needs who cannot best be served by Jobcentre Plus mainstream provision" and "people with learning disabilities and mental health conditions" in particular (Department for Work and Pensions, 2009, cited in Department for Work and Pensions 2013a, p.41)

Accordingly, Work Choice is more closely specified than the Work Programme, with four modules offering gradually increasing levels of support to move the claimant towards and then into supported and subsequently unsupported employment. Claimants at the supported employment stage may be employed either by a mainstream employer or in a supported business. The contracting arrangements differ somewhat from the Work Programme. Support is delivered on both a contracted basis (by prime and sub-contracted providers in 28 CPAs, in a manner similar to WP) and a non-contracted basis, through Remploy, a long-standing non-departmental government body which operates a network of supported businesses. Providers are paid a 70% service fee and the remainder through outcome and sustained outcomes payments, with an emphasis on sustained unsupported employment (Department for Work and Pensions, 2009b).

Work Choice is also different to Work Programme in that the structure of the programme and the claimant's movement through it is determined more by DWP than

87 Work Choice had an intended launch date of March 2010, delayed by that year's general election (Interview, Work Choice official, July 2012). It was launched by the Coalition government in June 2010.

with Work Programme, where the 'Black Box' prevails. Regardless of provider, participants go through three stages of support – Work Entry Support; Short to Medium Term In Work Support and Longer Term In-Work Support – and, for the first two years of the programme, there were prescribed level sof service that providers had to deliver: 8 hours a week; 8 hours a month and 4 hours a month, respectively (Department for Work and Pensions, 2013a). The types of services to be delivered, however, at the discretion of the provider and though the DWP's provider guidance gives extensive lists of typical support in way it has not done for Work Programmes, these are suggestions only and no mention is made of health-related support. Further, the minimum support length requirements were removed in 2012 (Department for Work and Pensions, 2013a) and do not appear in the current version of the guidance (Department for Work and Pensions, 2015c)

Any unemployed person of working-age and defined as disabled by the Equality Act 2010 can be referred to the programme by a Jobcentre Plus Disability Employment Adviser (DEA) or a statutory referral organisation (SRO) – an organisation that provides a statutory service helping disabled people with high support needs consider work – commonly a local NHS service or local education authority organisation.

As with WorkSTEP, there has been some confusion around the purpose and nature of the programme. Whilst it is presented as the core part of the DWP's specialist disability employment support, participants were initially expected to be capable of the 8 hours activity and to be able to work for 16 hours in supported or unsupported employment within six months, later changed to 12 months. Both DPOs and DWP DEAs have said that Work Choice is not intended to help claimants with specialist needs:

> DWP sell it [Work Choice] as a specialist programme, which is a bit misleading. Yes, it has features that are different to the Work Programme that do make it more suitable for users with greater needs – the modular approach instead of wanting them in work straight away; the bigger service fee that weeds out creaming and parking and the caseloads are much lower. So the attention you can pay users is a lot more intensive. But I don't think that it's specialist in the way that word has been understood historically in this [disability employment] sector. That says to me specialist support for users with needs around learning disabilities; around severe mental conditions and multiple disabilities. Work Choice isn't that. We have lots of member organisations who have experience with providing support around that and we know

from them that they aren't being involved in the programme: it's not for the kind of level of user need.
Deputy Chief Executive, National Disability Organisation, Interview January 2013

Initially I thought Work Choice was for anybody that needed a great deal of support but I've changed my mind over time. It's not for people who need a great deal of support because the Work Choice providers don't really want to work with those because they are going to take a lot longer to get into work and probably after six months they won't have found a job […] I think it is aimed at people who are almost job ready, not anybody that's too far away from the job market.'
Disability Employment Adviser, quoted in Department for Work and Pensions (2013a)**, p.45**

As section 8.3 shows, there is considerable difference between who is accessing Work Choice compared to WorkSTEP, which would appear to be consistent with the concerns expressed in these two quotes, above, about the nature of and target audience for Work Choice.

The Jobcentre Plus Offer

ESA-WRAG claimants not enrolled on a programme can be offered – and mandated at the discretion of their Jobcentre Plus adviser – to support through the Jobcentre Plus Offer (JCPO), a PES-based intervention regime running from 2011. It consists of three parts: an initial New Joiner WFI with an adviser; ongoing support from the adviser and support from a 'Flexible Menu' of support, the different components being Work Experience; Skills and Training; Self-Employment advice; Volunteering opportunities and Health support. ESA WRAG claimants subject to conditionality must access at least two options from the menu every year (Department for Work and Pensions, 2013e).

The Flexible Menu of Support appears to be aimed more at JSA than ESA claimants – the DWP's own evaluation (ibid) noted that very few ESA claimants were offered skills training; work experience or self-employment support, and they appear to have been channelled to mainly volunteering opportunities and the health measures. Little detail is available on what health-related support is available through JCPO, but it appears to be largely advisory and signposting in nature and not access to specific programmes, as with the case with CMP: "Jobcentre Plus advisers offer support and guidance to claimants with health conditions or disabilities […] This can

include advice around treatment for drug or alcohol dependencies or health service providers who can help with the claimant's health condition, as well as more basic discussion and advice around what jobs claimants feel they can and cannot do." (Department for Work and Pensions, 2013e), p.100

Given that JPO is meant for those not helped through other programmes, it is surprising there is not a clear focus on helping claimants improve their readiness for work such that they become eligible for them. In the guidance issued to JCP advisers, there is no specific reference to readying claimants for WP participation or assisting them to improve their work readiness in order to access WP. Consequently, the JCPO does not appear to have served ESA as well as JSA participants. The former were:

> More likely to disagree that the support they received matched their personal needs and circumstances, and relatively few were satisfied with the level of contact they had with advisers or with the service that Jobcentre Plus offered in helping them find employment. This is not to say that their needs were wholly overlooked; offers of financial assistance, for example, were more commonly received by this group than other ESA claimants. In general, however, further adviser support may be required to ensure they maintain confidence during their journey through the Offer, and are being signposted and referred to appropriate support to help them back into employment.
> **Department for Work and Pensions (2013e), p.167**

8.2.3 Activation by right?: The legal and regulatory basis of a sick and disabled claimant's right to activation

'Rights and responsibilities' has been a familiar refrain in British welfare to work since the late 1990s (Dwyer, 2002). In most cases, the 'right' is the right to benefit and the 'responsibility' is the responsibility to seek work and demonstrate one is doing so by taking part in prescribed activities. Employment services thus figure in the 'responsibilities' part of the equation – offered on the basis that participation in them is needed to maintain benefit eligibility – rather than being offered by right. Published at the beginning of the period of interest, The Freud Report, however, appeared to signal a change. Though it did not say the employment services were a right, they were framed as justification for the extension of benefit conditionality to incapacity benefits claimants, thus implicitly conceding that the legitimacy of conditionality for sick and disabled claimants depends on adequate employment support being provided:

> The Government has made a commitment to rights and responsibilities a central feature of policy. In return for more support in obtaining employment, it would seem appropriate for the

state to expect more work-related activity from those on benefit. Recent evidence suggests that expecting more from those on incapacity and lone parent benefits, alongside the right support, can deliver greatly improved outcomes.
Freud (2007), p.8

The Choices element of Pathways to Work was a movement towards – though not a rights-based regime – at least a fairly diverse, clearly stated set of services that claimants could choose to access at any point during their participation in the programme. Whilst Personal Advisers could refuse to refer the claimant if they felt it was not appropriate for them, referrals to Choices were on the whole claimant-led, and this was a core value of the programme, recognised by personal advisers and claimants (Department for Work and Pensions, 2005).

It is worth noting, however, that the commitment that underpinned support provided directly by DWP through Pathways and other programmes is very limited, and does not make any mention of access to employment programmes. The DWP Customer Charter (Department for Work and Pensions, 2014a) lists some very basic entitlements around the process of interacting with DWP – staff courtesy towards claimants; protection of personal data and access to accurate information – but nothing around employment support, something that was noted by a focus group of claimants conducted for DWP:

The charter makes no mention of what Jobcentre Plus is perceived to do – help customers find work. It is included in the 'sub-drivers' under 'Right outcomes reached (including finding employment)' but not explicitly in the Charter itself. Although there is a reason for this – the Charter is for the DWP as a whole, not just Jobcentre Plus – to customers it was seen as an obvious omission. When compared against their ambitious aspirations for how the service could deliver, the feeling was that the Charter lacked specifics, or 'teeth' (something that would cut through the generalities, such as 'enthusiastic staff who care and listen' instead of 'staff who listen'). While it might do an acceptable job of supporting a basic level of customer service, the charter would find it difficult to improve it.
Customer Focus (2010), p21

Later programmes appear to be a step back from the minimum support guaranteed, albeit apparently only de facto, by Pathways. As part of their bid for Work Programme contracts, providers submitted sets of Minimum Service Delivery Standards (MSDS). Winning providers are then managed by DWP Performance

Managers on the basis of these, and inspectors check they are being adhered to. However, unlike Pathways Choices, which offered access to specific services, most MSDSs are very general in nature, and do not offer services relating to health or disability (see Box 8/1 and Table 8/7, below). Their vagueness appears to make it hard for DWP to hold providers to account and, importantly, providers can change their MSDSs mid-way through a contract:

> However, Performance Managers felt that some minimum service delivery standards were insufficiently specific, measurable or meaningful to enable them to hold providers to account. Although it was always agreed that providers could change their minimum service delivery standards, the policy intent was that they still needed to be consistent with the delivery model for which their bid was selected. In some cases, changes were made which, in the opinion of DWP officials, were not consistent with the provider's delivery model. Furthermore, providers did not always consult their Account Manager to agree changes. This may suggest a need in future procurement to provide clearer expectations or guidance before minimum service delivery standards are agreed. It also reinforces the need for urgent decisions on the extent to which 'black box' applies within live running and how flexible providers are permitted to be in their amendments to delivery.
> **Department for Work and Pensions (2013g), p.56**

Box 8/1 Typical Work Programme Minimum Service Delivery Statement

Reed [CPA 13]

"*Meet with your personal Employment Adviser within ten days

*Receive a full assessment of your needs and skills

*Review your progress with your Adviser at least once every four weeks

*Receive support to develop a tailored CV and job goals

*Receive financial advice and support to show how you will be better off working

*Be able to access e-learning, job search support and vacancies through our online portal

*Receive support once you are in work, and have access to an Employment Coach after your first ten weeks of work

*Have the opportunity to let us know about your experiences on our programme through our customer surveys

*Receive a detailed history of your progress if you leave our programme before getting a job

*Delivering Services"

Source: (Department for Work and Pensions, 2013b)

Table 8/7: Work Programme services, by number of Providers offering the service and number of CPAs offered in

	Number of Providers offering (/18)	Number of CPAs offered in (/18)[88]	Details (Health Assessment and Support Only)
CV/Interview Support	**7**	12	
Skills Development/Training	3	10	
Personal Plan	8	13	
In-Work Support	11	16	
Health/Disability Assessment	2	7	*A4E:* "Health support: we will assess health as a barrier to working. Those identified as needing additional assessment/support will be referred to a specialised health assessment and support to develop a health-focused back to work plan." (p.2) *Maximus:* "All customers undertake an assessment with a dedicated [...] Health Officer" (p.3)

88 Participants are randomly allocated to providers and several providers operate in each CPA, so all participants in a CPA will not get access to a service stated in the MSDS unless all providers in the CPA have it in their statement. Thus, 11/18 may at first sight suggest that 61% of participants have access to Health or Disability-related services, but it is likely to be much less than this. Only three CPAs were served entirely by providers offering health/disability support services and/or health/disability assessments: CPA 9 (Thames Valley, Hampshire and Isle of Wight – A4E and Maximus); CPA 17 (South Yorkshire – A4E and Serco) and CPA 18 (North East Yorkshire and the Humber – G4S and NCG) (DWP 2013f)

Health/Disability Support Services	4	11	*Serco:* "[Your provider will] refer you to one of our specialist providers if you have particular needs, such as a health condition or physical disability" (p.18) *G4S*: "All Customers have access to specialist Knowledge Bank services. This includes a range of support including condition management, occupational health support." (p.11) *NCG:* "We will offer all customers a range of diagnostic interventions dependent upon the customers' requirements, such as Infit psychological intervention." (p.16) *A4E* See above.

Source: Department for Work and Pensions (2013b)

Crucially, the MSDSs are part of the contract between provider and DWP, not between provider and Work Programme participant. They are intended to allow the provider to be managed on a *contract-wide* basis, rather than for any individual participant to ensure that they get adequate support. According to a civil servant involved in the design of Pathways, Work Programme participants do not have any rights to support, and this can mean that some will get very limited support:

I think a critical point is that there are no centralised minimum standards attached to the Work Programme so it entirely depends on what the providers offer. They have to set their own minimum standards and those vary quite widely. It's entirely conceivable that somebody could go through two years of the Work Programme and not really receive the meaningful intervention that addresses their barriers to work. Providers will say with justification that they can't afford to do that, they have to get results or they'll go bust. In employment programmes *there are no rights: just responsibilities.*
Interview, former DWP official, September 2012

A DPO representative made a similar point in the limited minimum standards being to blame for parking of harder-to-help claimants:

There has been a lot of talk about the funding creaming and parking because of PBR [payment by results], but you can actually avoid that with some serious minimum standards, whatever the funding rules are. If you have some minimum standards that give some basic services to everyone and then have DWP spot-checking and mystery shopper kind of checks like they do with their in-house services, you would still get creaming, but it wouldn't matter as much because everyone is getting something. Creaming isn't an inherently bad thing – it will always happen – Jobcentre even have always done it – but you need a basic floor of support for everyone so people don't lose out because of it.
Interview, DPO head of strategy, Interview, September 2013

Similar concerns were expressed by the House of Commons DWP Select Committee's investigation into Work Programme service standards:

Currently prime providers' Minimum Service Standards vary greatly in detail and measurability [sic]. Some Minimum Service Standards are *so vague as to permit providers to virtually ignore some participants if they so choose.* We understand the difficulties of establishing a single set of standards which could be applied by all providers but we believe it is achievable. For example, it would be perfectly possible for all providers to be required to have a face-to-face meeting to assess all participants' needs; to produce an employment action plan within a certain timeframe; and to have a face-to-face follow-up meeting, also within a specific timeframe. We recommend that DWP develop a core set of basic minimum standards applicable to all providers, and to which all Work Programme participants are entitled.

House of Commons Work and Pensions Committee (2013b), p.41, emphasis added

The situation on Work Choice is more mixed. Whilst DWP does issue a fairly extensive list of services it recommends providers should deliver for Module 1, the provider guidance documents very explicitly say that these are recommended services only and "there are no [...] minimum levels of support stipulated" (Department for Work and Pensions, 2014b, p.4). Guidance for the other two modules does demand a minimum level of support in terms of hours (8 hours a month for Module 2 and 4 hours a month for Modules 3) but again provides lists of recommended services only (ibid). Similarly, whilst WorkSTEP providers were formally inspected for the quality of their services by OFSTED (Office for Standards in Education) – key to ensuring the quality and appropriateness of the services, according to the British Association for Supported Employment (British Association for Supported Employment, 2014) – initial plans to have similar external inspection of Work Choice were dropped by the time the programme was introduced (Department for Work and Pensions, 2013a). Instead, DWP Provider Assurance Teams[89] would "extend [their] remit to cover, in a light-touch way, some of the quality issues that formed part of external inspections" British Association for Supported Employment (2010), p.1. Although the Black Box does not operate in Work Choice as in Work Programme, there does appear to be evidence of a similar, parallel change from a monitored, prescribed approach to one which is significantly less so.

This seemingly fairly limited notion of participant rights to support is reflected in the DWP employment programmes complaints procedure. There is no specific Work Programme or Work Choice complaints mechanism: there is no programme-wide sharing or analysis of complaints data and, as with MSDSs, whilst DWP do review complaints against providers, they do so on a contract-wide (i.e. not individual basis) and do not intervene in cases of poor provision (Department for Work and Pensions, 2014e). Instead, participants can lodge a complaint with their provider's own internal complaints procedure and then escalate it to the Independent Case Examiner (ICE), which reviews complaints made against DWP, its agencies and external contractors. The highest stage of the complaints procedure is a referral to the Parliamentary and Health Ombudsman through the participant's Member of Parliament (Parliamentary

89 The remit of PATs is primarily contract compliance and financial auditing.

and Health Ombudsman, 2014).

From the data extracted from ICE annual reports, it appears difficult for participants to complain to ICE[90]. Given the size of the caseloads the two schemes, the number of cases referred seems low – this is likely to have something to do with awareness, as only 2 of 18 WP prime providers, Maximus and Rehab Jobfit (Freedom of Information Request to DWP[91]) and 4 of 6 Work Choice providers for which there are published complaints procedures[92] mention the possibility of complaining to ICE – and the majority of cases are not accepted for investigation, apparently because of poor understanding and communication by Jobcentre Plus and providers about how complaints should be made (Independent Case Examiner, 2013).

90 However, while it may be difficult, it is *possible* for a disabled participant to take to ICE a case against a provider regarding poor service. The 2013/14 ICE report has a case study of a disabled WP participant who was refused a work coach. The participant funded one himself; took his complaint to ICE; won and was refunded the cost.

91 Freedom of Information Request to DWP by *What Do They Know?* user Frank Zola: https://www.whatdotheyknow.com/request/work_programme_complaints_proced Accessed 08/08/15. Permanently archived 25/08/15 at web.archive.org by author at: http://web.archive.org/web/20150825205830/https://www.whatdotheyknow.com/search/Work%20Programme%20complaints%20procedures/all

92 CDG-Wise Ability and Momentum skills refused to release their complaints procedures to me.

Table 8/8: Complaints to ICE regarding DWP contracted provision, 2011/12-2013/14, by Total and Programme

	2011/12	2012/13			2013/14		
	Total[93]	Total	WP	WC	Total	WP	WC
Received	98	316	215	3	277	140	4
Accepted	7	55	62	3	80	60	1
Investigated	1	27			55		
Of investigated cases, number and % partially upheld	0 (0%)	0 (0%)			3 (5.5%)		
Of investigated cases, number and % fully upheld	0 (0%)	0 (0%))			7 (12.7%)		

Source: Independent Case Examiner (2013, 2014); Freedom of Information Request to ICE (Reproduced in Appendix A5)

Table 8/9 Complaints to the Parliamentary and Health Ombudsman regarding Jobcentre Plus, DWP and Remploy, 2009/10-2013/14

		2009/10	2010/11	2011/12	2012/13	2013/14
Received	**Jobcentre Plus**	1274	1036	1083	1313	1094
	Department for Work and Pensions	81	76	44	81	177
	Remploy	0	0	2	2	1
Accepted for investigation	**Jobcentre Plus**	6	5	5	5	12

Source: Freedom of Information Request to Parliamentary and Health Ombudsman (Reproduced in Appendix A7)

93 WP and WC may not sum to Total as the Total includes complaints about other schemes.

The question here was whether sick and disabled claimants have a right to activation support. A right to employment services has never had much currency as an idea in the UK, despite some official pronouncements in the middle of the last decade linking the application of conditionality with the provision of specialist support. Accordingly, claimants do not have a right to support enshrined in law, though there are some limited elements of a right in UK programmes over the years. The Choices element of Pathways offered claimants access to a wide range of services, some specialist, that they could – *de facto,* though not *de jure* – refer themselves to. Successor programmes appear to be a step back from this, however. Work Choice has some minimum hours guarantees, but no stated services. Work Programme providers do have statements of Minimum Service Delivery, but these are vague; changeable by the provider and difficult to enforce, with only a minority offering specific health or disability-related services. Similarly, whilst participants can and do complain about poor specialist services, the complaints process is poorly advertised by providers and only a small number of cases are formally investigated each year.

8.2.3 Conclusions: The scope and nature of the activation offer

By way of concluding this chapter, several features of the UK activation offer for sick and disabled benefit claimants stand out and are worth highlighting.

Firstly, as is the case with almost all benefit claimants apart from those who recently leave prison, the activation offer does not kick-in until the claimant has spent quite some time on benefit. If the ESA claimant had previously claimed SSP, 26 weeks may have already elapsed. The claimant will then not likely access Work Programme until they are deemed ready for employment within 12 months, although they can self-refer to Work Choice. This is a deterioration on Pathways to Work – a common theme throughout this chapter – on which an IB claimant was enrolled once their claim for IB was accepted.

A related point here is the apparent lack of clear routes through different types and levels of support back to employment for groups with different needs. There is limited evidence of an intention to progress claimants who are far from employment through some initial introductory support to introduce the idea of returning to employment and help to allow them to engage with further support; that further

support to allow them to be able to engage with jobsearch activity; and then jobsearch and labour market activity. Even the schemes which do have an intention of beginning that process – WPP and WorkSTEP and, latterly, Work Choice – have paradoxically high bars to participation – requiring participants to be ready for employment within relatively short periods of time relative to claimants' employment barriers. As has been intimated in this chapter and as is explored in more detail in the next – this has appears to have an exclusionary effect that leads to a build-up of a large pool of claimants that have relatively limited access to support.

Connected to this is the issue of the narrow and narrowing scope of the ALMP offer – judging from the range of support on offer, and the range of claimants programme regulations envisage being treated. The mid-late 2000s saw a gradual broadening of the support on offer through statutory schemes and a gradual progression towards offering some, albeit seemingly fairly limited, health-related support to most claimants through CMP. However, with the closure of specialist programmes and the removing of the statutory status of programmes like CMP – versions of which still operate, but at the behest of providers – the scope of ALMP for sick and disabled claimants has clearly narrowed from around 2010 onwards, notwithstanding a modest increase in the number of support employment programme places.

This narrowing of the scope of policy in terms of the range of claimants served was, according to several of the interviewees, a clear strategy to focus on those claimants who had the greatest chance of getting into work and reducing benefits costs:

> One of the concerns [with closing specialist schemes] is that you are potentially diverting resources from people who are very far from the labour market, and would not get into work otherwise, and instead you are spending money on people who are on the cusp of getting a job. The government strategy is that effectively – take money from Remploy factories and expand the Access to Work budget that is the trend over the next 3 or 4 years, for the foreseeable future. There is a concern from some of our members – we have specialist disability charities such as Scope and Mencap who do a lot of campaigning for disabled people – […] that resources are being diverted away from those hardest to help to those who are fairly easy to help. DWP are quite frank that the aims of employment programmes are not necessarily to help people get into work, it's to reduce the benefits bill and I have heard quite senior people at DWP be quite frank in saying just that. So speaking from some of our members, the campaigning and specialist disability organisations, there is a legitimate concern that money is being diverted away from very hard to help people.
> **Employment-related Services Association representative, interview April 2012**

This narrowing of the policy scope is all the more surprising – and relevant to the institutionalisation of activation – given that benefits reforms were designed to and have significantly increased the number of sick and disabled claimants who are expected to be actively seeking work, a significant proportion of them who will have very little engagement previously and thus are likely to have the most intractable barriers to work. This issue of limited access – and especially relative to increasing conditionality imposed on claimants – is examined in more detail in section 8.4.

The last point to make here is that very limited support is available by right. Access to UK programmes have essentially been conditional, rather than rights based. Access to CMP and other Choices programmes were seemingly as close to rights-based access as the UK has ever got as there were no qualifying conditions except having an active IB claim – but other schemes have had such requirements. Connected to this is what claimants are entitled to once they participate in a programme or scheme with a provider or DWP. In both cases, support that is explicitly stated is relatively limited and is seemingly difficult to enforce through a complaints process that is not seemingly promoted or advertised.

8.3 Sorting and selecting for activation

8.3.1 Mainstreaming and programme integration

As has been noted earlier in this chapter, one of the most notable changes in the approach to activating sick and disabled benefit claimants in the UK has been the move from separate specialist employment schemes to the accommodation of claimants with specialist support needs on mainstream programmes. The idea of a single employment programme covering all out-of-work benefit claimants became steadily more prominent over the 2000s, and there was significant government interest at the beginning of the period under study (2007-2010). There was an element of this thinking in the idea of 'flexible' menus of support proposed by the (never implemented) *Building on the New Deal* white paper (Department for Work and Pensions, 2004), and the Flexible New Deal (FND), which combined most existing New Deal programmes (with the exception of NDDP) into a single scheme. Paul Gregg, the author of an independent report (Gregg, 2008) on personalisation in welfare to work championed what he called 'multi-client group' contracts for employment programmes as a way of achieving personalised employment support. This was echoed by the suggestion of a single programme for JSA and ESA claimants trailed in DWP's *No-one written off* and *Raising Expectations* papers in the same year (Department for Work and Pensions, 2008b, 2008c). This came to fruition as the Personalised Employment Programme[94] – a rolling together of FND and Pathways – proposed in the *Building bridges to work* white paper (Department for Work and Pensions, 2010a) right at the end of Labour's time in government. PEP was meant to decouple the provision of activation support from the claimant's benefit status, requiring providers to “deliver

94 It is worth making note of some of the key features of PEP. Whilst the general idea – a unified employment programme serving most long-term unemployed claimants regardless of benefit – is the same as the Work Programme, quite a considerable amount of the detail of the running and structure of the programme is different. Considering these features of PEP throws into relief some of the decisions that were made in designing the Work Programme. As was originally the intention with WP (Bivand 2011), PEP would have served all new ESA claimants, not just ESA WRAG claimants. There would have been some more specification than WP – four WFIs a year – and the regulation and monitoring regime looks like it would have been considerably more interventionist. While the 'Black Box' principle would have applied, DWP intended to have a set of Service Delivery Standards against which providers would be judged by external inspectors according to the Ofsted Common Inspection Framework. In terms of funding, participants would be grouped not by benefit, as in the WP, but into one of three groups; the Work Ready Group; the Progression to Work Group and Volunteers. Payment was by an accelerator model, which provides greater payment as performance increases.

personalised support, tailored to an individual's need, based upon their personal circumstances, difficulties, capability and capacity for working, and regardless of the benefit claimed" Department for Work and Pensions (2009a, p. 9).

Although the introduction of PEP was interrupted by the change of government in 2010, this trend towards mainstreaming continued under the Work Programme, which accepts all claimants of non-employment benefits. Work Choice is an exception to this, but the decision not to roll it into the WP appears to have been because it had already been developed and was ready to be implemented by the time of changeover of governments (Interview with Work Choice official, September 2012). In any case, Work Choice itself represents mainstreaming to a certain extent as it replaced several previous schemes and is open to a claimant of any benefit providing they meet the qualifying conditions.

Despite the difficulties that have arisen with the Work Programme and ESA groups, the strategy of dealing with specialist needs claimants within mainstream programmes appears to have hardened. It was laid out more explicitly than ever before in the government's disability and health employment strategy published towards the end of the period of interest:

> The majority of disabled people and people with health conditions who need employment support will receive our mainstream offer. We want to improve the support it provides for these claimants, by building our evidence base about what works to support them and feeding this understanding into the design of our future mainstream offer.
> **Department for Work and Pensions (2013d), p.52**

As the literature review showed, this way of organising disability activation support has a number of potential implications for the institutionalisation of activation. Firstly, it reduces the number of points through which claimants can access support. Moving from a large number of schemes to just two (and support through Jobcentre Plus) raises the stakes in terms of accessing support. If participants are not able to access them – or access them but not get the support they need – then there are few other sources of alternative support. Secondly, it can create a crowding-out effect whereby more competitive jobseekers are given better access to support and increase

opportunities for 'creaming'-off such jobseekers and 'parking' those who are less competitive. The evidence presented in the later sections of this chapters shows that this has indeed been this case for the UK to a significant extent.

8.3.2 Sorting and selecting for activation

Although, as the previous section has described, there has for some time been a general ambition that benefit status should not determine access to activation, this is still the case to some extent. The ESA-WCA system described in Chapter 6 has four functions. Firstly, it determines whether the applicant is eligible for ESA on the basis of a test of working capacity. Secondly, it decides whether a successful ESA claimant is eligible for the higher (Support) or lower (WRAG) rate, which come with differing levels of conditionality. Thirdly, in the case of WRAG claimants and given the prognosis it delivers – usually 3, 6, 12, 18 or 24 months – it determines when such claimants are ready for work and thus how and when conditionality is applied. It is then, somewhere half-way between a traditional benefit-determined system whereby benefit structures access to activation and the imposition of conditionality, and a Gregg-style 'personalised conditionality' system in which conditionality is entirely disconnected from the benefit claimed.

The ESA-WCA system creates a clear set of priorities in terms of the targeting of activation. Claimants failing the WCA usually go on to claim JSA instead and so are immediately required to seek work; ESA WRAG claimants are also expected to seek work, although the intensity of the requirements are likely to be dictated by the prognosis, and there is little formal impetus for claimants assessed into the ESA support group until such time as they are re-assessed into a different group. In terms of institutionalisation and compared to what went before, this appears to be a significant improvement. By dividing up a much larger group of claimants for whom there was no clear return-to-work trajectory into smaller groups and, for those who are assessed as capable of Work-Related Activity creating a time-frame for the return to work, there is at least a basic framework for the provision of activation.

It is, however, a noticeably *basic* framework. Alongside the rules for access to the Work Programme, it confers access to the WP at a given point in the claimant's prognosis, but very little else. Although it provides a timeframe for

returnng to employment, there appers to be little strategy to move claimants from the greater distances from work to the point at which the can take up support to move into employment. The difficulties to DWP has experienced in moving claimants into the Work Programme is a good example of this. Discussed in more detail below, DWP found that the 3-month prognosis requirement was too exacting and restricted ESA-WRAG inflow into WP. However, rather than develop interventions to help claimants get to the point where they would be ready for work within 3 months, DWP merely lifted the barrier to 12 months.

A final and related point to make here is that different categorisations do not link to different types – or at least broader mixes – of support. Whilst it might be expected that 12-month prognosis ESA-WRAG claimant might be channeled to a more specialist and intense form of support than a 3-month prognosis claimant, they are not. Nor does the UK system's proxy for different types of support – the WP payment groups. All new ESA-WRAG claimants attract the same funding, regardless of their prognosis.

8.4 Regulating and securing activation

8.4.1 Accessing programmes

This section looks at how widely claimants of sickness and disability benefits access schemes that offer employment support, as the later sections of the previous chapter did for Denmark. It examines the four main schemes on offer during the period of interest – Pathways to Work; WorkSTEP; Work Choice and the Work Programme. In comparing Pathways to Work and the Work Programme, it looks at the extent of access relative to the benefits caseload and whether there are differences in the engagement of mandatory versus voluntary claimants. Given that voluntary claimants will by definition tend to have greater barriers to work, this is a good way of looking at how far into the claimant pool the respective schemes reach. The two specialist schemes in the two halves of the period of interest – WorkSTEP and Work Choice – are examined to see whether access to specialist support has changed over time. This section also looks at the issue of whether sick and disabled benefit groups are 'crowded out' by other groups in access to activation. It can do this because Pathways to Work and WorkSTEP were only open to these groups, whereas Work Programme is open to most benefit groups, and Work Choice to claimants of most benefit claimants classed as disabled.

There is a necessary amount of asymmetry with the account of the same in Denmark. There, central government does not control access to activation and so much of the steering and incentive management work Danish central government is to encourage municipalities to provide activation appropriate activation and refer claimants to it. In the UK, referrals to both Jobcentre Plus and contracted employment programmes are under the direct control of DWP and so it can broaden or narrow access – at least of claimants who are subject some level of conditionality – easily by changing the access criteria and setting referral targets for Jobcentre Plus – as it has done notably on a number of occasions. The engagement of voluntary participants is more akin to the situation in Denmark in that DWP does not have direct control over whether and how they access employment programmes. Thus, the issue of access to programmes, voluntary participants not withstanding, is less bound up with the issues of steering and incentive management than in Denmark. In the UK, these issues come

later on – ensuring appropriate support is offered to claimants referred by programme providers one the claimants are registered – and is the focus of the next major section of this chapter.

8.4.1.1 Pathways to Work

The two Pathways to Work schemes were large and long-running programmes. There were 1.8m starts on Jobcentre Plus-led Pathways and just under 600,000 on the Provider-led version (see Table 8/9, below). Such a high level of engagement is not surprising given that initial enrolment in Pathways and participation in WFIs was a condition of IB or ESA and, accordingly, a significant proportion of participants would have left the scheme early in as they returned to work and/or, dropped their benefit claim. However, even if this element of the scheme is excluded in favour of just looking at the Choices phases, the level and scale of Pathways was still very significant. Of the 766,300 claimants who got as far as the first element of the scheme – the compulsory initial WFI – almost 40% (303,130) continued on to the voluntary Choices phase. This looks particularly impressive in the light of the very limited engagement of voluntary participant by successor schemes. This is consistent with an evaluations of JCP-led Pathways' engagement of customers beyond the compulsory phase and by DWP officials interviewed as part of the research:

> Participation in Pathways to Work continued over the long term for many incapacity benefits customers. About a quarter of those claiming incapacity benefits continued to meet with Incapacity Benefit Personal Adviser (IBPAs) at Jobcentre Plus during the second year after their start on the programme – well beyond the mandatory period intended for delivery of the WFI sequence. [...] Participation in the voluntary Choices package of services was also far from insignificant in the second year. Among new and repeat customers the level of take-up of NDDP in the second year was 38 per cent of that in the first year (45 per cent among existing customers) and take-up of CMP was 51 per cent of the first year level (27 per cent among existing customers). At this later point, it might be supposed that most meetings at Jobcentre Plus would be voluntary. The fact that most of those people attending meetings in the second year had also attended in the first year indicates receptiveness to them.
> **Department for Work and Pensions (2010c) p.139**

> Pathways got a lot of flak for not working, but it was a really big ask as it engaged a huge group of claimants of the type that had never been talked to before. It actually got a good chunk of the voluntary participants engaged long-term. Obviously that's not going to look good on a purely outcomes perspective because of the nature of their barriers to employment, but my estimation – it's just that because we didn't measure this – is that there were a lot of soft outcomes that can add up to an employment outcome if you give them enough time.
> **DWP official involved in the running of Pathways to work, September 2012**

Table 8/9: Provider-led and Jobcentre Plus-led Pathways to Work: Number of overall starts; Choices Starts (Jobcentre Plus only); Initial, Repeat and Voluntary WFIs (Jobcentre Plus only) and RTWC payments

Provider-led Pathways		
Overall Starts. Of which;	587,580 (563,880 unique individuals);	
	Mandatory	444,600
	Voluntary	146,980
RTWC Payments	44,470	
Jobcentre-Plus Pathways		
Overall Starts	1,805,730 (1,252,500 individuals)	
Choices Starts. Of which;	303,130;	
	New Deal for Disabled People	142,180
	Condition Management Programme	123,880
	Other [95]	42,070
RTWC Payments	159,550	
Initial WFIs	766,300	
Repeat WFIs. Of which[96]**;**	1,301,710;	
	1st Repeat	372,470
	2nd Repeat	287,430
	3rd Repeat	233,930
	4th Repeat	196,040
	5th Repeat	168,760
Voluntary Repeat WFIs	365,740	

Sources: DWP Disability and Work Division (2011a, 2011b)

95 Includes Work Choice, Work Preparation, WorkSTEP, Programme Centres, Work Based Learning for Adults (England), Training for Work (Scotland), and Work Trials.

96 Data for Repeat WFIs is for new participants only.

In the last two full years of Jobcentre-Plus Pathways, there were around 70,000 entrances into the Choices phase of the programme (DWP Disability and Work Division, 2010a, 2011a). Choices did not exist for Provider-led Pathways, but given that every participant (there were 259,790 and 150,660 participants on the final and penultimate full years, respectively [DWP Disability and Work Division, 2010, 2011c]) had to be provided with at least CMP if they asked for it and assuming a similar proportion of claimants stayed on the programme long enough to take up further support, as on JCP-led Pathways – the combined number of participants accessing a Pathways Choice must be well in excess of 100,000 participants in the full years of the programme. This compares favourably to the Work Programme, with 58,600; 106,850 and 99,220 ESA/IB/IS referrals in Years 1, 2 and 3 (see Table 8/10, below). This is consistent with the findings throughout this chapter so far that efforts to provide activation for sick and disabled benefit claimants have reduced post-Pathways.

Ideally, here the study would show over time how many participants Pathways and Choices had as a proportion of the total possible number of claimants eligible, as the Share Activated did for Denmark, and as it was possible to calculate for the Work Programme (see below). Unfortunately, this is not possible. An accurate figure for the total programme and total Choices caseloads at any one point is not possible to calculate because offlow figures were not recorded. Furthermore, Choices data for Provider-led Pathways was not recorded. In the absence of the available data, the best it is possible to do is assume a figure around 25%-35% indicated by Table 8/9 and (Department for Work and Pensions, 2010c). Given the size of the benefit caseload and that all Choices referrals were volunteers, this is impressive and compares favourably with other schemes.

8.4.1.2 The Work Programme

The Work Programme was intended to be a large, multi-purpose programme aimed at all long-term non-employed claimants regardless of the benefit claimed and the reason for being out of work, and so is a unique in the UK context. Accordingly, referrals to the Work Programme are highly diverse, covering almost all benefit groups, ranging

from recently-released prisoners claiming JSA; JSA claimants from 18 years of age to the pension age; ESA WRAG claimants of varying lengths of prognosis, and ESA Support and IB/IS claimants, all engaging with the programme on various kinds of terms – some voluntary, some mandated to the programme.

The first thing to do here is to look at here is the referrals to the Work Programme of ESA/IB/IS groups. These can be compared to the original forecasts and, with more difficulty, to Pathways to Work. Compared to previous programmes, rich and detailed data is recorded and is easy to access via the DWP's tabulation tool.

The first two years of the WP saw referrals of IB and ESA claimants running far below what was originally expected. Although original plans to refer all ESA claimants assessed as being capable of work-related activity (those in ESA's Work Related Activity Group) into the programme were shelved in favour of only those claimants considered ready for work within three months (Bivand, 2011) inflow into the programme by ESA claimants was low even according to the revised plans Centre for Social and Economic Inclusion (2012) – see Table 8/10 and Graphs 8/4 and 8/5, below. Forecasts for the participation of ESA claimants were then revised down, even though the overall forecast for flows into the programmes has been increased by 32% since tendering. The result, in the words of a DWP official involved in its design, is that it is becoming 'largely a JSA programme':

> It has resulted in DWP revising down their forecasts at the same time as massively revising up their forecasts for JSA. Overall programme forecasts have been revised up 32% between when the programme was tendered and last year. So in the space of a year referral forecast volumes were increased by a third and within that the IB/ESA volumes have fallen and the JSA have increased so the relative share we're looking at is a much smaller proportion. It's largely a JSA programme.
> **Senior DWP official, interview May 2012**

Compared to the original forecasts, ESA referrals by the end of the period of interest were 255,530 below what was expected (see Table 8/10, below). One of the principle explanations for this appears to be the relatively high access requirements relative to the target group, which had greater barriers to employment than expected:

> The truth is is that DWP didn't really know much about this group. There was this assumption that the WCA would show that all these IB people just had poorly backs and just needed a bit of tough love and so you would have a lot of people basically ready for work that would come out of IB onto WRAG and then get shoved onto Work Programme and out the other end into

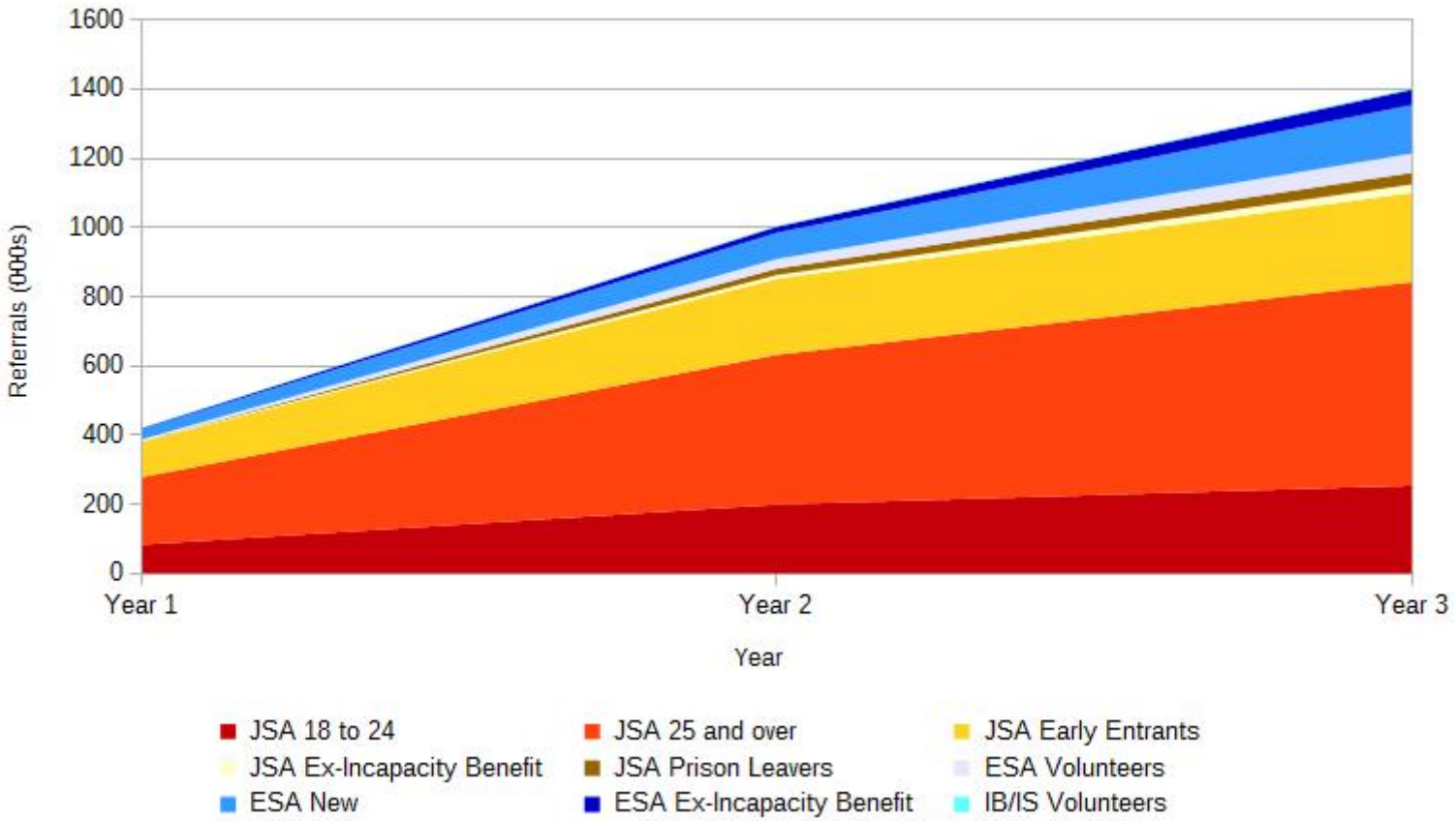
work, but it didn't work out like that. They found out that many of them were years from work. That's why they kept increasing the prognosis requirements so they would actually get some referrals through. There's still a big 12 months or more group that they never expected to have in a big way – hence the 18-24 month pilots.
DPO Representative, Interview May 2014

Table 8/10: Work Programme Referrals, November 2010 DWP Forecast v Actual Referrals

	2011/12 (Year 1)	2012/13 (Year 2)	2013/14 (Year 3)
JSA 18-24 Forecast	90,000	77,000	65,000
JSA 18-24 Actual	131,010	92,330	49,450
JSA 25+ Forecast	308,000	252,000	231,000
JSA 25+ Actual	315,970	203,630	140,250
JSA Ex-IB Forecast	20,000	29,000	29,000
JSA Ex-IB Actual	3,230	11,590	12,830
JSA Early Access and Prison Leavers Forecast	40,000	39,000	36,000
JSA Early Access and Prison Actual	178,390	97,800	45,270
JSA Total Forecast	418,000	358,000	325,000
JSA Total Actual	628,600	405,350	247,800
JSA Total Actual Compared to Forecast	210,600	47,350	-77,200
ESA Volunteer Forecast	59,000	63,000	46,000
ESA Volunteer Actual	10,430	27,490	21,750

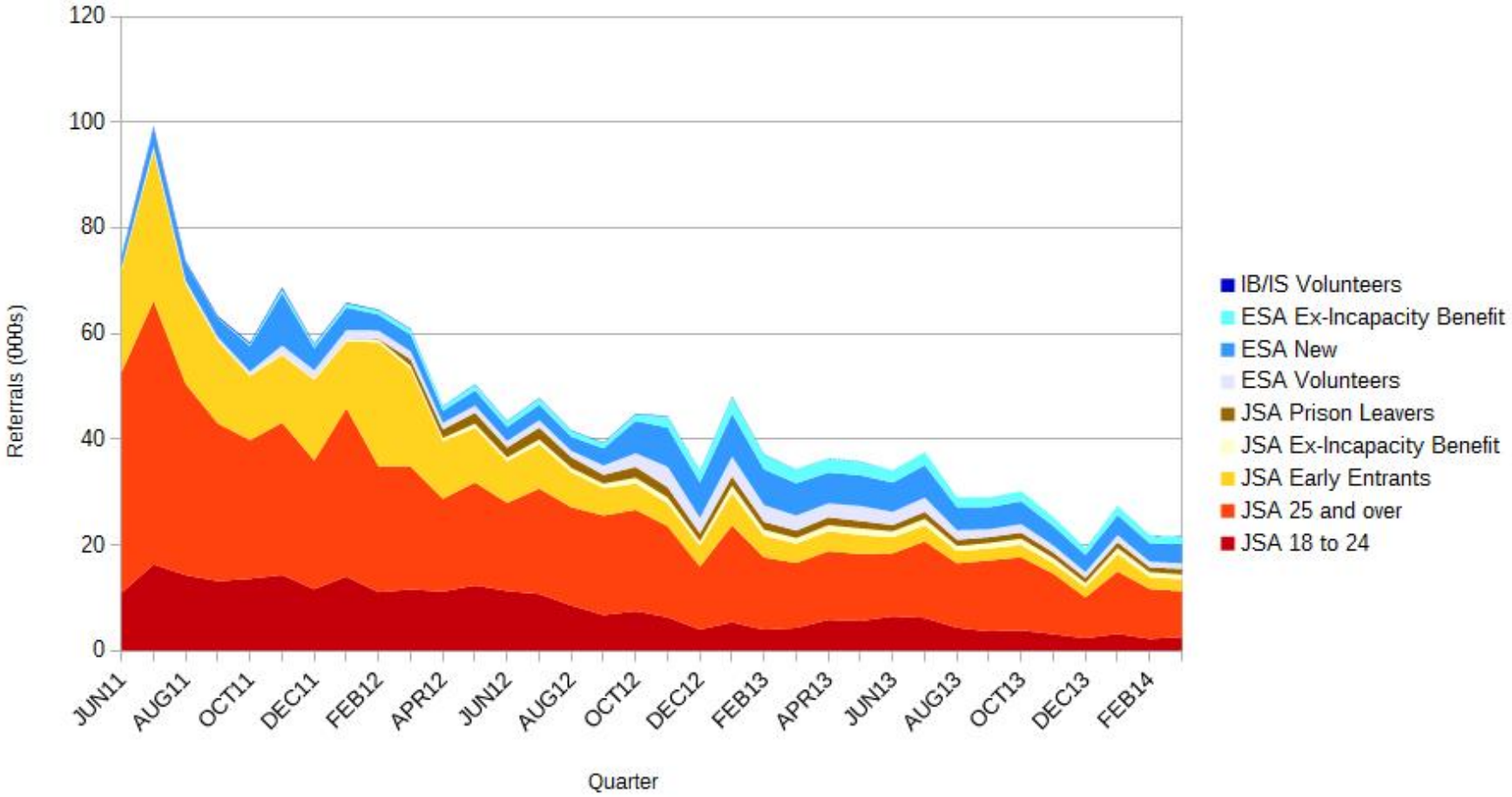
ESA New Forecast	43,000	43,000	43,000
ESA New Actual	41,290	57,880	53,900
ESA Ex-IB Forecast	44,000	67,000	68,000
ESA Ex-IB Actual	5,060	20,690	23,360
IB/IS Volunteers Forecast	16,300	19,300	8,600
IB/IS Volunteers Actual	1,820	790	210
All ESA/IB/IS Forecast	162,300	192,300	165,600
All ESA/IB/IS Actual	58,600	106,850	99,220
All ESA/IB/IS Actual compared to Forecast	-103,700	-85,450	-66,380

Sources: Forecasts – Centre for Social and Economic Inclusion (2012) Referral – DWP Work Programme Tabulation Tool; http://tabulation tool.dwp.gov.uk/WorkProg/wp_mon_jo/tabtool_wp_mon_jo.html, Monthly figures. Selections – Analysis: Referrals (Thousands) Row: Time Series. Column: Payment group. Subset: None. Add together Jun 2011 – March 2012 for Year 1, April 2012 – March 2013 for Year 2, April 2013 – March 2014 for Year 3.



Graph 8/4: Referrals to the Work Programme (cumulative) by Payment Group, Years 1 -3

Source: DWP Work Programme Tabulation Tool, http://tabulation-tool.dwp.gov.uk/WorkProg/wp_mon_jo/tabtool_wp_mon_jo.html, Monthly figures.
Selections – Analysis: Referrals (Thousands) Row: Time Series. Column: Payment group. Subset: None. Add together Jun 2011 – March 2012 for Year 1, April 2012 – March 2013 for Year 2, April 2013 – March 2014 for Year 3



Graph 8/5: Referrals (quarterly) to the Work Programme by Payment Group, June 2011 – March 2014

Source: DWP Work Programme Tabulation Tool, **http://tabulation-tool.dwp.gov.uk/WorkProg/wp_mon_jo/tabtool_wp_mon_jo.html** , Monthly figures. Selections – Analysis: Referrals (Thousands) Row: Time Series. Column: Payment group. Subset: None

The relatively low referral rates of ESA claimants to the Work Programme should be considered negatively when coming to a conclusion about institutionalisation of activation. With the consolidation of all other specialist disability programmes except Work Choice into the Work Programme, the low referral of ESA claimants to Work Choice and the limited support offered by the Jobcentre Plus Offer, there is precious little opportunity for claimants to access support. This is particularly concerning for ESA-WRAG claimants, who have to demonstrate they are making efforts to return to work. The Mencap mental health charity have expressed a similar concern:

> The low number of Employment and Support Allowance (ESA) referrals (just under 9%) to the Work Programme raises serious concerns about the support being offered to a group of disabled people who have been deemed to have "limited capability for work", but for whom many will see conditions attached to receipt of their benefit (ie those in the work-related activity group (WRAG) of ESA). Of these referrals, 8.2% have actually attached to the Programme—a total of just 73,000 ESA claimants, out of 837,000 total attachments. These numbers should be considered in the context of the total ESA caseload. The latest Government statistics show this figure to be 991,000 people, with 309,000 being found eligible for the WRAG of ESA — the group identified as needing additional help and support to move towards and into employment. Whilst the figures cannot be compared like for like (eg the data collection spans different time periods), in the absence of any robust analysis of the entire "welfare to work" process for benefit claimants, *the gap between the total number of ESA claimants (991,000) and total numbers accessing employment support through the two principal programmes (78,420) available to them, is significant and concerning, and merits detailed investigation and explanation.*
>
> **Mencap Written Evidence to House of Commons DWP Committee Work Programme User Groups Inquiry (EV w52), House of Commons Work and Pensions Committee (2013a), p.56, emphasis added.**

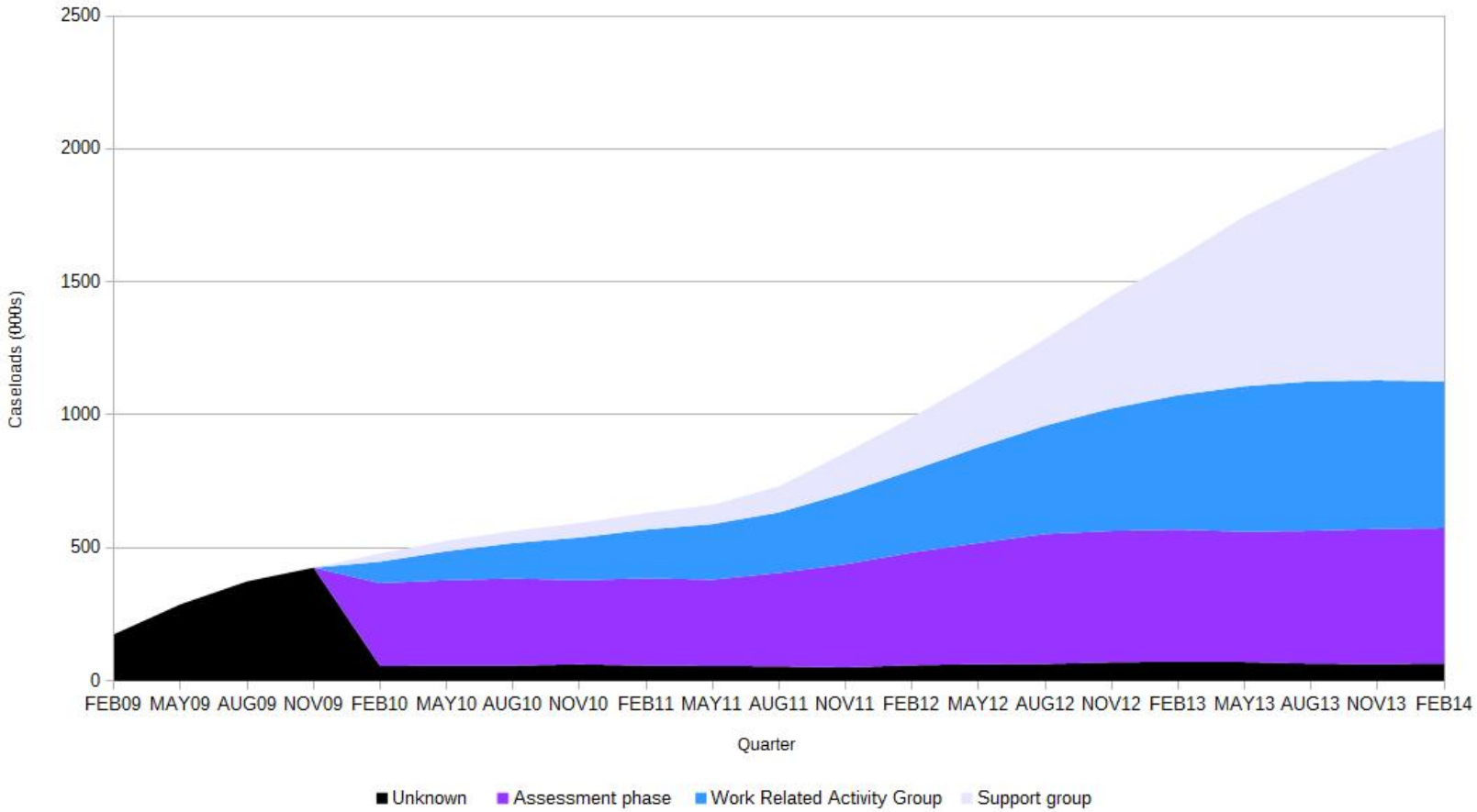
The end of the period of interest did see a significant upswing in the number of ESA referrals to the WP. However, the increase in ESA referrals in Year 3 of the programme came largely from the New ESA claimants, for whom DWP lowered the bar for participation to a 12 month work-ready prognosis. Whilst this is positive from the point of view of increasing ESA claimant access to the programme, there are two caveats to add. Firstly, providers planned their approach on the basis that claimants would be ready for work within 3 and then 6 months, and so the type of ESA claimants most commonly now coming into the programme will be less ready for work than providers planned for, and these claimants are proving more difficult to help as a result:

At the time we said [to WP providers] 'be careful what you wish for', but providers lobbied hard for longer prognoses in order to up the numbers, then realised that they couldn't afford to deliver the support that those groups needed, and in some cases things got worse because outcome rates fell and therefore also unit funding.
Former DWP Official, e-mail, July 2015

Secondly, the New ESA group is only one of several ESA payment groups and whilst their referral rate is increasing to catch up with the original projections, referrals of other ESA groups, especially volunteers who may have spent many years out of work and will have complex needs, are not. This is especially important because the Support Group was growing rapidly at that time and was clearly becoming the largest group of ESA claimants (see Graph 8/6, below). If they are also not accessing Work Choice, as does not appear to be the case (see next section), there is a major service provision and engagement gap with the full range of claimants needing support:

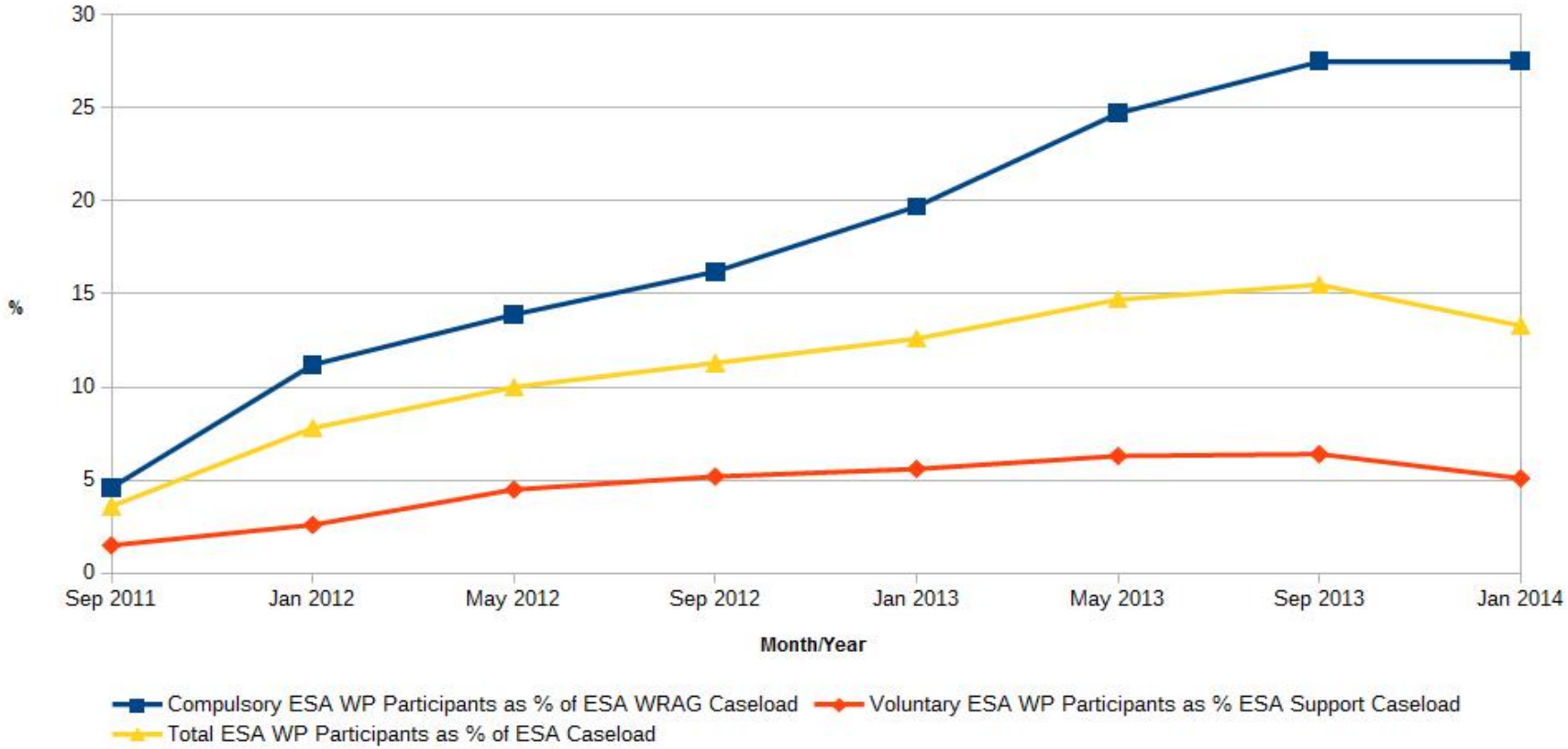
The DWP's response [to low referrals of ESA claimants], as you will know, has been to extend the prognosis. That appears to be having an effect, in that the referrals for new ESA claimants are now more or less in line with what was in the invitation to tender. The really significant gaps are now in all the other groups of ESA claimants, particularly volunteers, people who voluntarily refer themselves to the Work Programme. Those are the ones, for the incapacity benefit claimants, where the largest outcome payments sit. The reasons for that are going to be totally different. It comes down to things such as awareness of the programme, how far the disability employment advisers in Jobcentre Plus are prepared to refer people to that rather than to, for example, Work Choice, which is a specialist programme for disabled people, and how effectively providers are marketing their services. My concern is that DWP's response is to continue to try to get more and more of the new ESA claimants by extending prognoses, widening access and so on. Actually, it is that group of 2 million-plus people who are on incapacity benefit and ESA, the potential volunteers for the programme, who are the ones we should really be targeting. I think we need to be more innovative in how we do that.

Tony Wilson, CESI Representative, Evidence to House of Commons DWP Committee Work Programme User Groups Inquiry (EV 4), House of Commons Work and Pensions Committee (2013b), p.72



Graph 8/6 ESA caseloads by phase, February 2009 – March 2014

Sources: DWP ESA Tabulation Tool, http://tabulation-tool.dwp.gov.uk/100pc/esa/tabtool_esa.html, Selections: Analysis – Caseload (thousands); Row – Time Series; Column – Phase of ESA claim; Susbet: None.



Graph 8/7 Work Programme Compulsory, Voluntary and Total participation as a percentage of ESA-WRAG, ESA-Support and total ESA caseloads

Sources: Work programme data – DWP Work Programme Tabulation Tool, http://tabulation-tool.dwp.gov.uk/WorkProg/wp_mon_jo/tabtool_wp_mon_jo.html, Monthly figures. Selections – Analysis: Attachments (Thousands) Row: Time Series. Column: Payment group. Subset: None.
ESA data – As for 8/6/ Selections – Analysis: Caseload (Thousands) Row: Time Series. Column: Phase of ESA claim. Subset: None
Calculations. Compulsory – Add attachments for ESA-New and ESA Ex-IB for every four months, divide by relevant quarterly figure for ESA-WRAG, multiply by 100. Voluntary – Add attachments for all other ESA/IS groups for every four months, divide by relevant quarterly figure for ESA-Support, multiply by 100.
Total – Add attachments for all ESA/IB/IS groups for every four months and divide by relevant summed quarterly figures for ESA-Support and ESA-WRAG, multiply by 100.

One final point to make about referrals is around the apportionment of participants between Work Choice and the Work Programme. It is clearly a pressing problem that has been raised by a number of different stakeholders over the lifetime of the programmes so far. A number of providers have said that the Work Programme has been receiving claimants – especially those with mental health conditions, who represent more than 50% of all ESA claimants referred to the programme to December 2013, see Table 8/11, below – who cannot be supported adequately on the Work Programme and who should have been on Work Choice, and would be if there were more places:

We would also recommend that more people with mental health problems are referred to Work Choice, the Government's specialist employment programme. Participation in Work Choice is voluntary, which we believe, and is reflected in the ERSA recent analysis of Work Programme statistics, is a basis through which to successfully work with people facing multiple barriers and ensure their sustain return to the workforce. Work Choice however, is limited to 115,000 placements over the lifetime of a five year contract and only 14% of all referrals to Work Choice so far have been ESA claimants.

Scottish Association for Mental Health Submission to House of Commons DWP Committee Work Programme User Groups Inquiry (EV 138), (House of Commons Work and Pensions Committee, 2013b, p.206)

Table 8/11 Referrals to Work Programme of ESA/IB/IS claimants with a Mental health condition recorded as their Primary Health Condition, June 2011 to December 2013

	ESA Ex-IB	ESA Volunteer	ESA New (12 month prognosis)	ESA New (All other)	IB/IS Volunteers	Total
(1) Total Referred	44,570	56,080	50,580	97,150	2,600	240,980
(2) Total Referred with Mental and Behavioural Disorders (MBD) as Primary Health Condition (PHC)	26,880	20,080	23,160	47,940	860	127,920
(3) Percent referred with MBD as PHC as percentage of total referrals	60.3%	35.8%	45.8%	49%	33%	53%

Source: DWP Work Tabulation Tool, http://tabulation-tool.dwp.gov.uk/WorkProg/tabtool.html, Cumulative figures. Selections: Analysis – Referrals Thousands; Row – Time Series; Column – Primary Health Condition;
Subset – Payment Group (Repeat all previous for each Payment Group).

Calculations: (1) Add all of first column until December 2013. (2) Add all of third column until December 2013. (3) (2) divided by (1), multiplied by 100

Related to this is the issue of 'inappropriate referrals', an issue that has arisen time and time again; on Pathways to Work; on Work Choice and on the Work Programme. This is usually used to mean referrals of claimants whose needs do not match the capacity of the programme to help them:

ESA has altered the PL Pathways client caseload and therefore clients are generally 'harder to help', often having complex barriers to work. Clients who are ineligible for ESA are those that would be easier to work with. Providers found it was difficult to meet the needs of the unexpectedly high proportion of clients with complex barriers to work. Problems with the new WCA intensified the challenges that providers faced in working with clients and meeting their needs. Respondents discussed inappropriate referrals in terms of clients not being referred to PL Pathways at the right time.
Hudson et al., (2010), p.63

Providers reported that not all of those referred to their Work Choice provision were suitable for the programme, although most providers reported that the suitability of referrals had improved over the period of the evaluation. The two main reasons why providers felt some participants were unsuitable were motivation and distance from the labour market, i.e. that participants did not wish to find work or that they were unlikely to be supported into work within the time-limits of the Work Choice pre-work module. Some provider staff highlighted what they felt was a tension between the target groups for the programme and the outcome targets expected of providers.
Department for Work and Pensions (2013a) p.59

One of the things we are seeing is huge numbers of inappropriate referrals coming through [to the Work Programme]: people who have been found fit for work who are a long, long way from work. The problem we have there is that people are coming through the Work Capability Assessment, which is a test that effectively assesses medical functional capability, rather than assessing readiness for work. For instance, the idea that if you can stand up in a shower for 15 minutes or something you are able to go into work seems inappropriate as a way of measuring distance from work. Actually, in terms of your question about improving the scheme, one of the things we could do would be to look at the Work Capability Assessment and look at if there is a way of introducing a distance from work test which looks at readiness for work.
Paul Trotter, Scope Representative, Evidence to House of Commons DWP Committee Work Programme User Groups Inquiry (EV 25), (House of Commons Work and Pensions Committee, 2013b, p.92-93)

This points to an inconsistency between the claimants referred and the extent and type of support the design of the programme (in the case of PES-led programmes) or the payment systems (in the case of contracted programmes) mean is available. These issues are the purview of sections 8.4.2.

8.4.1.3 WorkSTEP and Work Choice

Work Choice was intended to be a scheme for non-employed benefit claimants with

employment support needs related to disability that could not be accommodated by the mainstream support offered by Jobcentre Plus and contracted schemes. However, there is considerable evidence to suggest that such claimants are not accessing the scheme in the way expected; that there is not as much of a distinction between the types of claimants accessing Work Choice and those accessing the Work Programme as was originally intended, and that there has been a noticeable shift in the types of claimants served in the transition between WorkSTEP and Work Choice.

Whilst ESA claimants can access either Work Programme (on a voluntary or compulsory basis) or Work Choice (voluntary only), a development that has come as somewhat of a surprise is the very limited inflow of ESA claimants into Work Choice, with JSA claimants accessing it in much greater numbers than was originally expected (see Graph 8/8), below. Claimants of ESA and predecessor benefits accounted for just under 50% of referrals to WorkSTEP but represent only 16% of referrals to Work Choice[97], with 58% of referrals being from JSA claimants and 40% being JSA claimants not claiming the additional costs benefit, DLA, indicating a lower level of need. As a result, the scale of access of non-employed sickness and disability benefit groups is similar despite Work Choice being a bigger scheme: an average of 3160 IB/SDA/ESA with/without DLA and IS claimants accessed WorkSTEP between 2006/7 and 2009/10, compared to 3612 for the Work Choice until 2013/14 (see Appendix A4 for the data these calculations used).

There appear to be several explanations for this. Firstly, although the scheme is designed to support participants with greater needs than other programmes, the requirements of the scheme – that the claimant should be capable of supported or unsupported employment within six months (later altered to six months with up to an additional six month extension) – are nonetheless demanding given the target group. This has meant that Jobcentre Plus DEAs have been restrictive in their referral practice, even after the referral guidance was softened, apparently also driven by providers rejecting referred participants who they felt could not be helped successfully within six months (Department for Work and Pensions, 2013a). In its report of its experience of Work Choice, the Shaw Trust, the Prime Provider in 16 CPAs, surveyed it staff and found that they;

97 Work Choice figures exclude referrals to Remploy.

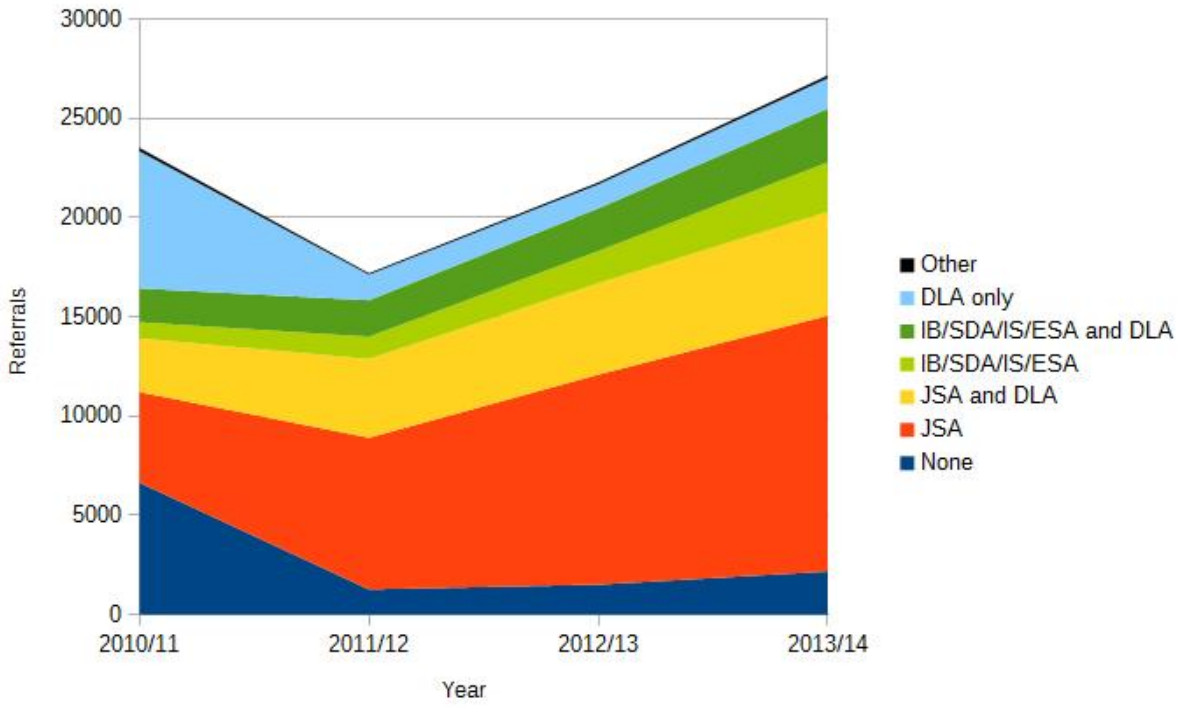
Felt six months was too short a time to receive pre-employment Support. Although staff and customers acknowledged some customers are able to quickly find and sustain employment, both sets of focus group participants felt that an increased length of pre-employment support would ensure that more people with disabilities, health problems and impairments would be able to find and sustain work.
The Shaw Trust (2013), p.34

At the same time, the Work Capability Assessment – which was designed to reduce access to ESA, with JSA being claimed alternatively in most instances – has resulted in a large number of JSA claimants with disability and/or health-related employment barriers. This appears to have made it difficult for ESA claimants to access the scheme:

I still stand by the argument that Work Choice was a step forward in that it recognised that mainstream support wasn't going to work for everyone and the design of the programme and what is on offered is good: it is working very well, after all. But it clearly has been overtaken by events and changes in the benefits system that can't have been forseen at the time we put it together. Because of WCA, there is alot of disabled people with high needs in the JSA group and so they are accessing Work Choice in very high numbers, whereas WorkSTEP was not for JSA at all. That doesn't mean that they shouldn't be there as the referral guidelines are very clear, but because of the cap – I think it's about 20-odd thousand a year – there must be some crowding-out effect on the harder-to-help compared to WorkSTEP, but that hasn't been studied formally. Obviously the answer to that is to raise the cap and certainly that message is coming from providers and the [disability] lobby. That might be forthcoming when we get to the end of the current contracts.
Interview, Former DWP adviser, September 2012

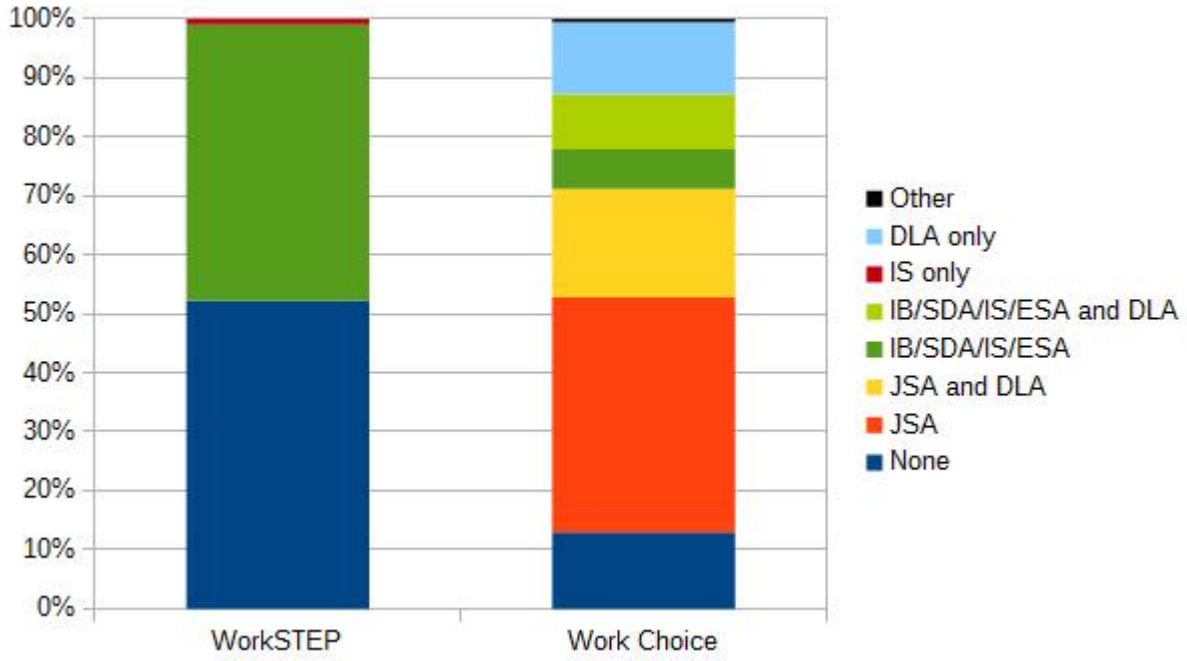
A DWP evaluation of Work Choice confirmed what this interviewee said about the impact of the referral cap in producing a crowding-out effect on claimants with more complex employment barriers, with providers reporting the same concerns:

My concern is that the Work Choice contract is not big enough to support the demand. I know there are customers out there that DEAs have not referred across that should have been referred, because there's not enough profile, and I think that is scandalous. If we end up putting those customers on Work Programme, those customers will suffer because Work Programme is not designed to meet their needs. The disability group is a very discreet [sic] group and needs specialist support.'
Work Choice provider, quoted in Department for Work and Pensions (2013a), p.185



Graph 8/8: Referrals to Work Choice by Benefit, Years 2010/11 to 2013/14

Source: Department for Work and Pensions (2014d)



Graph 8/9: Referrals to WorkSTEP (2006/07 – 2009/10) and Work Choice (2010/11 – 2013/14) as a percentage of total

Source: DWP FOI Request, reproduced in Appendix A4, and Department for Work and Pensions (2014d)

Comparing the primary qualifying conditions of participants of WorkSTEP and Work Choice shows the same trend. It is clear that Work Choice serves a different caseload than WorkSTEP did, with significantly fewer claimants with a learning disability and more than double the proportion of claimants with long-term medical conditions and mental health conditions:

Table 8/12 Referrals (as a % of total) to WorkSTEP (2008/09) and Work Choice Q3 2010/11 – (Q4 2013/14) by Condition

Condition		**WorkSTEP (2008-9)**		**Work Choice (Q3 2010/11 – Q4 2013/14)**	
Conditions Restricting Mobility / Dexterity		17.7		14.8	
Visual Impairment		6.7		3.3	
Hearing or Speech Impairment		6		5	
Long-term Medical Condition		4.3		10.7	
Learning Disability		43.4		27.1	
Mental Health Condition	Of which Serious Mental Health Condition	9.4	N/A	20.7	1.2
Neurological Condition		7.6		5.1	
Other health Condition		4.8		N/A	
Multiple Conditions		N/A		13.1	

Sources: (Department for Work and Pensions, 2006, 2014d)

DPO representatives interviewed confirmed this shift in focus between the two programmes:

> We were really excited by Work Choice because it seemed like an improvement on WorkSTEP and the 4, 5, whatever number of schemes that went before and there would be some clarity. But now we're 18 months in it's pretty clear that it's serving a different kind of group to those programmes – it's disability in a much broader sense and taking in health conditions. If you have a learning disability especially or high cost needs around visual or mobility impairment, it's not really for you. It's great that people with moderate mental health conditions, for example, are getting support where they didn't before and we really support that, but when you bring those sorts of people in, you push others on the other side out, so you're going back to square one in terms of inclusivity.
> **National DPO Chief Executive, Interview, September 2012**

A particular element of this apparent crowding-out process has been the screening out of harder-to-help claimants, as was the case with WPP. The Work Choice evaluation reported that there was – particularly in the first year of the programme – disagreement between JCP DEAs and providers over the suitability of claimants, and providers could and did reject claimants who they felt they unable to support: "some DEAs reported that the providers in their area were rejecting referrals they felt were unsuitable immediately and sometimes for reasons the DEAs disagreed with." (Department for Work and Pensions, 2013a), p.55. This was confirmed by a representative of a Supported Employment charity that had monitored Work Choice referrals:

> One of the issues around Work Choice is that it's become quite selective about who gets on it. Providers have become much more careful about who comes onto the programme. There are some pre-programme chats with the person who's been referred and they have a quiet word and gently suggest that it might not be right for them.
> **Supported Employment Charity Representative, interview August 2015**

The difficulty ESA claimants have had in accessing a supposedly specialist disability employment programme should be considered negatively when assessing institutionalisation. In the absence of a scheme beyond Work Choice which recognises in its design and access criteria that some participants will need long-term support in order to assist them into work – or that they may need sheltered employment (support for the Remploy sheltered factory network was

ended in 2013), there appears to be little else on offer for claimants with serious and complex employment barriers.

8.4.1.4 Accessing programmes: conclusions

This section has looked at easily and how widely claimants of sickness and disability benefits are able to access support offered by the various employment programmes that were on offer during the period of interest. It has examined the number of places available relative to the number of claimants; referral rules and practices and, ultimately, how wide a group of claimants were able to access them.

By virtue of its size and the fact that attendance during the initial WFI stage was compulsory for most new claimants and selected existing ones, the access to Pathways services – 2.43m WFIs; 303,000 Choices[98] – was always going to be large and, in the light of the relatively limited scope of previous programmes[99], unprecedentedly significant. Notable also in the light of subsequent programmes is how well Pathways engaged claimants on a voluntary basis. Both quantitative and qualitative evidence suggests that many claimants continued to be involved with the programme over several years – well beyond the point at which their participation became voluntary – going on to take part in a Choices offer in large numbers – about 50,000 a year. During the same period, other types of support were available through WorkSTEP; Work Preparation, the Job Introduction Scheme, Remploy Factories and Residential Training Colleges.

Access to the successor schemes in the post 2010 period appears to have been more limited. Although the Work Programe was meant to be a mainstream

98 These figures represent Jobcentre Plus-led Pathways only. The total engagement with claimants of the entire Pathways programme was in reality larger than this, but detailed figures for Provider-led Pathways were not recorded.

99 Comparison with the only major previous Programme, New Deal for Disabled People, is difficult because NDDP became a Choice on Pathways when it began – and so figures for NDDP in half of the years it operated will be made up of referrals directly to NDDP and indirectly through Pathways, and these are impossible to separate out. Further, there is the additional matter of the unknown number of Choices participants on the Provider-led version of Pathways. However, given that starts on NDDP were on average 34,883 for the last 3 years (2002, 2003, 2004 (NDDP tabulation tool. [NDDP started towards the end of 2001, so that has not been counted, to avoid artificially understating the average]) before Pathways began to roll-out, I am confident in saying that Pathways was a bigger engagement, even if only Choices is counted, so that voluntary is compared with voluntary. Choices starts were on average 50,000 a year from 2005 to 2011, and even this is not counting Provider-led Pathways.

programme with enough specialism to serve the diversity of claimants referred to it, access to it has been far below what was originally expected and, although a combined figure is difficult to pin down, likely less than Choices access on the two Pathways programmes. The most notable difference, however, is not so much the scale of access but the difference in the extent of voluntary access to the two programmes. Choices was voluntary, but the vast majority of Work Programme referrals have been from mandatory groups – 23.6% of total referrals to March 2014 were voluntary claimants, 76.4% mandatory – compared to an initial forecast of 40.7% voluntary, 59.2% mandatory[100]. This issue is thrown into relief by a consideration of the nature of the ESA caseload, which was becoming clearly apparent by 2012. Contrary to expectations, the Support group was becoming bigger than WRAG, yet voluntary referrals have remained stubbornly low. If we take the Support group as a proxy for the hardest-to-help claimants, according to the framework, the support available clearly does not reach the full diversity of claimants. Added to the fact that until such time as DWP decides to extend WP access (or provide another programme) for 12 month + prognosis ESA WRAG[101] claimants there is little support for large proportion of WRAG claimants also, there is a significant and serious provision gap.

This would not be such a problem had access to Work Choice been extensive, but it is has not. Although it is a much bigger scheme than its predecessor, access by ESA/IB/IS claimants has been broadly the same as access to WorkSTEP, and there appears to be an element of crowding out by other groups of claimants, likely exacerbated by the referral cap.

This highlights the risks entailed by merging specialist disability schemes into general ones, a possibility raised by (Mabbett, 2005). The competition for support that Mabbett predicted appears to be happening with Work Choices and, similarly, if claimants have difficulty accessing support in a mainstreamed system, as they do with Work Programme and Work Choice, the consequences are more severe than a system where there are several different programmes; as was the case with Pathways, which was accompanied by almost half a dozen other programmes.

100 These figures are based on Table 8/10, above, arrived at by adding up referrals for the relevant groups (ESA Volunteer and IB/IS volunteers for voluntary and all others for non-voluntary) for the three years, dividing by the total and multiplying by 100 to get the percentage figure.

101 Still being trialled as the time of writing (August 2015).

8.4.2 Steering activation: steering tools and their effectiveness

8.4.2.1 Work Programme and Work Choice payment regimes

The primary ways government can encourage providers to offer adequate specialist support are through outcome targets and associated payment regimes that incentivise providers to work towards those targets. The latter of those two with regard the Work Programme and Work Choice is the main focus here.

Work Programme providers are paid in three ways: an Attachment Fee when the participant joins the programme, declining in value over the life of the programme; an outcome fee if the participant gains employment for a specified period time and a sustainment payment paid if they participant sustains the outcome for a given length of time. The emphasis is on the job sustainment, which counts for the majority of the maximum payment. The size of the payments and the length of these periods are different for each of the 9 Payment Groups (PGs) in order to reflect the greater challenges posed by certain groups, ESA groups in particular. This is designed to create an incentive to help these groups and combat creaming and parking behaviour.

As Table 8/13, below, shows, it is a mixed picture in terms of there being a general incentive to help sick and disabled claimants. The ESA Ex-IB PG does indeed attract the highest potential return and ESA New claimants pays more than the other two groups (JSA 18-24 and JSA 25+) that make up the set of three that are the main focus of the programme, but ESA Volunteer and IB/IS volunteers attract much lower than many other groups, lower even that JSA 18-24 – usually regarded as the easiest to help group.

Table 8/13 Work Programme Payment Groups

Payment Group	Customer Group	Year 1 Attachment Fee	Maximum Job Outcome Fee	Sustainment payment per 4 weeks	Maximum number of sustainment payments	Total maximum payment
1	JSA 18-24	£400	£1200	£170	13	£3810
2	JSA 25+	£400	£1200	£215	13	£4395
3	JSA Early Access	£400	£1200	£250	20	£6600
4	JSA Ex-IB	£400	£1200	£250	20	£6600
5	ESA Volunteers	£400	£1100	£115	20	£3800
6	New ESA claimants	£600	£1200	£235	20	£6500
7	ESA Ex-IB	£600	£3500	£370	26	£13720
8	IB/IS (England only)	£400	£1000	£145	13	£3285
9	JSA Prison Leavers	£400	£1200	£200	20	£5600

Source: Department for Work and Pensions (2013h), p.5

Work Choice contracts operate differently, both in that there is only one payment regime and there is less of a focus on outcomes. The same three payment types system operates, but with a service fee equating to 70% of a provider's contract price. The outcome payment for achievement of 13 weeks of employment and sustained unsupported employment of 26 out of the 30 weeks after the move into unsupported employment is paid on a unit price basis – 15% of a provider's contract price by the number of job outcomes and sustained job outcomes stated in the provider's bid (Department for Work and Pensions, 2013a).

8.4.2.2 Incentivising specialist support provision and combating parking behaviour on Work Programme and Work Choice

The question here is the extent to which there has been systematic underprovision of support to sick and disabled participants on the Work Programme. The answer appears to be that there has to a fairly significant extent. All but one of the interviewees – both DWP, DPO and provider representatives – asked about this issue said that this was the case.

> So the differential pricing in the Work Programme contains a break against creaming a parking but the reality is there will still be creaming and parking within payment groups and often the differences between payment groups arguably *are not large enough to drive provider behaviour*, something the providers themselves say… I think that they understand that they haven't got this right and there will be creaming and parking. I think you're looking at 10-20% of participants that will effectively be written off. Providers are looking to get about 40% of their caseload into work and to my mind they can't afford to provide a bells and whistles service to everybody […] What worries us is that they will appear two years later with two years more of not being in the labour market, even more disadvantaged and you end up spending even more money.
> **Former DWP official, interview December 2012**

This is corroborated by the DWP's own evaluation, though it goes somewhat further in describing the scale of the issue:

> The available evidence to date suggests that providers are engaging in creaming and parking, despite the differential payment regime. Providers routinely classify participants according to their assessed distance from work, and provide more intensive support (at least as measured by the frequency of contact with advisers, for example) to those who are the most 'job-ready'. Those assessed as hardest-to-help are in many cases left with infrequent routine contact with advisers, and often with little or no likelihood of referral to specialist (and possibly costly) support, which might help address their specific barriers to work. Alongside this, it is worth noting that some providers at least, took the

view (perhaps surprisingly, given the design and remit of the Work Programme) that it was inappropriate for the hardest-to-help to be referred to their services at all.

Department for Work and Pensions (2012c), p.24

A Work Programme sub-contracted provider goes the furthest in alleging parking on the Work Programme of ESA groups:

From the outset, Primes were focusing on more job ready customers with service delivery strategies that involved parking hard to help customers. It is against this background that specialist providers confirm they are not receiving sufficient referrals for their subcontracts to be viable, which is leading to a consequential loss of expertise from the sector as services are withdrawn. Unsurprisingly, in the first 12 months, only 330 people across all of the ESA payment groups secured employment, representing only 1% of the job outcomes delivered by the Work Programme, and our analysis shows that the probability of achieving a short job outcome is halved if a person has any type of disability. *The Work Programme is effectively "locked in" to a culture of delivering an effective service only to work ready customers.*

The Pluss Organisation Written Evidence to House of Commons DWP Committee Work Programme User Groups Inquiry (EV w141), (House of Commons Work and Pensions Committee, 2013b) p.209, emphasis added)

A way of pinning this down more precisely – and to corroborate these claims – is to look at the scale of health and disability provision relative to the proportion of those claimants attached to the programme likely to require such support. If the former falls significantly short of the latter, underprovision is likely to have happened, and this does appear to be the case. Tables 8/14, 8/15 and 8/16 provide this information.

Table 8/14 Survey of Work Programme providers – types of support provided

		2013		2012	
		% of Providers offering support type	Mean % of claimants getting support type	% of Providers offering support type	Mean % of claimants support type
Support Offered to;	Build personal effectiveness and confidence	93	63	77	57
	With Jobsearch	90	74	79	72
	Train to get a recognised qualification	79	23	73	30
	Find work compatible with a health condition or disability	78	23	60	18
	Other support (including health support)	38	21	33	33

Source: Department for Work and Pensions & Government Social Research (2014a), p.187

Table 8/15: % of attached Work Programme participants with a health condition or disability indicator, start of programme to Dec 2012, 2013

	To Dec 2013	To Dec 2012
% of attached participants with a health condition	16	11
% of attached participants with a disability indicator	35	30

Sources: DWP Work Programme Tabulation Tool, http://tabulation_tool.dwp.gov.uk/WorkProg/wp_mon_jo/tabtool_wp_mon_jo.html, Monthly figures. Selections – Analysis: Attachments; (Thousands) Row: Time Series. Column: Disability Indicator/Health condition. Subset: None

Calculations: Disability Indicator – Add all values for Yes and all for Total from June 2011 to Deember 2012/2013; divide former by the latter and multiply by 100. Health condition – add all values for all health conditions, and for Total from and to same dates; divide former by the latter and multiply by 100.

Table 8/16 Survey of Work Programme participants – extent of health and disability support provision

		Health condition is barrier	Health condition not a barrier	Total
Health or disability support Offered?	**Not offered**	70.5	85.7	75.4
	Offered	29.4	14.2	24.6
	[Base]	2969	655	3624

Source: Department for Work and Pensions & Government Social Research (2014b), p.80.

Calculations: Data for participants with health condition of different lengths was aggregated using a weighted average.

Although the structure of the contracts – with an emphasis on outcomes – was mentioned by almost all interviewees (and corroborated by other sources of data) as an important factor in influencing the extent of support received by sick and disabled claimants, the amount of money put into the contracts was also cited frequently as an issue.

> Forget for a moment all this about parking and just giving up on people because they won't get a job. There's just not enough money in the contracts for what our clients [people with moderate to severe mental health conditions and learning difficulties] need. Going off other programmes our members [voluntary sector health and disability organisations] been involved in, you're looking at well into the thousands, and more if they need long-term support in employment. Work Programme and to a lesser extent Work Choice just do not provide anything like that amount of resource. [Regarding Work Programme] You're looking at a £400 attachment fee and then some investment in anticipation of outcomes, which obvious varies with the individual, but on average that's another £500 to a grand. Realistically, that total of £900, £1000, £1110 is just enough to buy the kind of intensive support that is needed. You can design your contracts whatever way you like – all outcomes or all service [fee] or whatever mix – if the money isn't in them, then the support won't be either.
> **Interview, DPO representative, January 2013**

This is very much corroborated by a survey of providers done by DWP in its evaluation of the Work Programme (see Table 8/17, below) and by modelling of Work Programme spending performed by Centre for Social and Economic Inclusion (2014). Around half of providers in both years the DWP survey was done said that the price they get for the 3 ESA groups did not cover costs, and well over half – 72% in 2013 and 67% in 2014 – said that the programme did not offer adequate resources to offer specialist services to sick and disabled claimants. The CESI survey shows significant underspend on the ESA groups as a result of lower than expected referrals and outcomes, and these are likely to have been passed down to participants in the form of reduced services than providers had intended. The greater underspend for the Volunteer group is consistent with parking of and underprovision to participants with greater support needs.

Table 8/17: Survey of Work Programme providers – costs and health and disability support

	2013	2014	Base 2013/2014
On average, does the price you receive for an outcome cover the cost of the support you provide for each customer group? **% Answering no**			
JSA 18-25	34	21	116/81
JSA 25+	34	21	116/81
ESA-Volunteer	51	47	116/79
ESA-New	56	62[102]	116/79
ESA-Ex IB	45	56	116/79
IB/IS Volunteers	42	41	113/75
Do your Work Programme contract(s) offer adequate resource to enable you to provide specialist services to customers with specific needs (e.g. Customers with disabilities/health conditions, ex-offenders, drug and alcohol support)? **% Answering no**	72	67	195/147

Source: (Department for Work and Pensions & Government Social Research, 2014a)

102 This is consistent with the lowered participation bar (to ready for work within 12 months).

Table 8/18: ESA groups Work Programme spending – expected, CESI modelled and % underspend

	Expected	Modelled	Underspend
All ESA Groups	£1169	£690	41%
ESA Volunteer	£1376	£556	59.6%
ESA New	£1111	£684	38.4%
ESA Ex-IB	£1023	£863	15.6%

Source: Centre for Social and Economic Inclusion (2014), p.27

Calculations: For underspend, subtract Modelled from Expected, divide product by Expected and multiply by 100 to get a percentage.

While there is fairly broad consensus on the existence of parking of harder-to-help sick and disabled participants of the Work Programme, this is less the case for Work Choice, and the evidence is certainly more mixed. The Work Choice funding model appears to be much more able to discourage parking, not least because caseloads on Work Choice were much lower:

> The differences in funding regimes did appear to ensure enhanced levels of resourcing on the former [Work Choice] in terms of areas such as adviser case loads. [Unlike Work Choice] there were also some clear indications of parking on the WP [...] where the differential pricing model appeared to have no impact in terms of addressing this issue as intended.
> **Researcher involved in Work Choice evaluation. Interview, August 2015**

Though the 70% service fee seemingly does discourage the widespread parking seen on Work Programme, consistent with the data on the nature of the intake, Work Choice does not seemingly deliver the level of specialist support as previous programmes, and several interviewees attributed this to the emphasis on outcomes in Work Choice compared to other programmes:

> The 30% [of total payment tied to outcomes] thing is both good and bad. I think it makes the service providers work a lot harder and not just get someone into supported employment and then don't bother progressing them any further and the management of the programme from both DWP and providers is a lot better [than WorkSTEP and WPP], but on the other hand, it does make providers cut down on support for some of the more vulnerable claimants that they know aren't going to get those unsupported outcomes.
> **Interview, DPO representative, January 2014**

In the publication of its programme user and staff consultation, The Shaw Trust – the largest Work Choice provider by quite some distance – says with perhaps surprising frankness that the current WC funding model that rewards only a job outcome and sustainment does not allow them to provide appropriate support to those furthest from the labour market

> There has been an acknowledgement [sic] by staff directly delivering Work Choice services that if people with the most complex needs are to be supported into employment, an alternative contract funding structure is needed. In particular, many staff have conveyed a desire to move away from a funding structure that purely incentivises the achievement of job starts and sustained job outcomes. Instead, many would like to see the achievement of milestone outcomes such as participation in voluntary work rewarded in addition to job outcome payments, to ensure those furthest from the labour market will be genuinely engaged in programme delivery:

Some staff were concerned that the progressions some customers with complex needs made towards achieving sustained work were not acknowledged by the current payment structure on Work Choice. This could lead to negative behaviours. For example, staff felt that by specifying that a job outcome could only be achieved by securing work for at least sixteen hours a week, employment opportunities of fewer hours were not always being considered
The Shaw Trust (2013), p.21 and 34

As with the Work Programme, this is likely to been aggravated by the fact that there has been downward pressure on costs within the contracts. This was clear from the per-head spending figures for Work Choice and WorkSTEP in Table 8/5[103] and was a concern raised by a number interviewees:

It's pretty obvious that they [DWP] have been trying to reduce their costs in Work Choice compared to [Work]STEP. The 70% service fee is really helpful in providing support up front, but you've still got much less money coming down the line overall. That means pretty tough decisions in terms of what kind of support you can offer and who's going to get it. If you're looking at someone who needs a support worker or some really intensive CM [condition management], there's not enough [money] in Work Choice for that.
DPO representative, interview September 2014

103 To save the reader going back to that page, the figures were £11,717 for WorkSTEP and £3148 for Work Choice.

8.5 The form and strength of the institutionalisation of activation for sick and disabled claimants in the UK

8.5.1 The Scope of Activation

The scope of active efforts for sick and disabled claimants has seemingly narrowed over the period of interest, both in the range of claimants targeted and – though this is less certain given the difficulty in establishing the reach of some of the pre-2010 programmes – the total number of claimants activated. The beginning of the period of interest came amidst an attempt through Pathways to Work to engage all new and some existing claimants of IB and then ESA in at least a course of work-focused interviews, with a range of support through the Condition Management Programme and other pre-exsting programmes like New Deal for Disabled People available on a voluntary basis thereafter. Though a precise number of claimants engaging with Pathways – and the duration of their engagement – is difficult to pin down by of the non-recording of anything other that start data for Jobcentre-Plus Pathways Choices and the very limited data for Provider-led Pathways – the throughput of claimants certainly dwarfed anything previously attempted and I am confident for the reasons outlined in section 8.3 that it likely to have been bigger than successor programmes. Pathways was notable in not being as strongly outcomes focused as later programmes were to become, and, accordingly, there were not any participation barriers such as a capability for work in a maximum period of time.

With a focus on work trials and on supported employment, Work Preparation Programme and WorkSTEP also offered support that was not strongly focused on job outcomes in the standard labour market for claimants with higher support needs, though, paradoxically, there does appear to have been an element of screening-out of more distant claimants on WPP and the work-readiness requirement for WorkSTEP was more demanding than later supported employment programmes. For those requiring sheltered training or employment, around 3000 places were available in Residential Training Colleges or Remploy Supported Enterprises. Although the balance of places between these three main types of support is likely to have been out of proportion to those requiring the support – interviewees spoke of the insufficient number of supported and sheltered places – there was at least a range of support

offered to distinct groups of the sick and disability benefits population, and with many entrance points.

The new programmes that came to replace these in 2010 and 2011 constitute a regime that is subtly but importantly different in scope. The Work Choice programme – now the only specialist support operated by DWP – takes a notably different set of participants than previously, more focused on more general health conditions like mild to moderate mental health conditions than, as with WorkSTEP, specific disabilities and learning difficulties. There also appears to have been a strong crowding-out effect on ESA/IB claimants since JSA claimants were allowed to access the scheme, again in contrast with WorkSTEP and consistent with existing theory (Mabbett 2003). A number of interviewees said that Work Choice is not appropriate for the hardest-to-help claimants – particularly an issue given the ending of support to RTCs and the Remploy factories – and indeed, the per-head funding is far lower than WorkSTEP.

This problem is made more acute by the fact that access to the Work Programme has run far below what was originally forecast, seemingly in part due to the initially high participation requirements and a much larger proportion of ESA claimants not being as ready for work as was expected. Whilst Pathways was seemingly very effective at engaging people on a voluntary basis, this is not the case for the Work Programme, which has had very limited voluntary participation. This is relevant to the scope of activation because it means that if it is assumed that most voluntary participants are more distant from work – which should be the case under the ESA-WCA system – the hardest-to-help and most in need of support are not being reached by either of the two current programmes.

A characteristic shared by both the pre- and post-2010/11 systems is the seemingly fairly limited engagement of existing claimants. The stocks v flows – in the DWP terminology – issue has been a prominent one over the course of the period of interest. Whilst all the programmes in the period of interest were and are open to new and existing claimants, the emphasis appears to have been quickly re-engaging recent claimants, rather than reaching back into the stock of exiting claimants. As several interviewees told me, there was interest in making significant inroads into existing IB stock around 2006/7, but this appeared to drop away due to cost

constraints. Although it was not intended, participation of ESA groups on the WP has largely been by new rather than existing ESA claimants.

This is characteristic of a broader blindness to the long-term progression of claimants. The UK system tends to see the claimant only in the context of their current benefit claim and/or programme participation, and there is very little evidence of a strategy to progress claimants through the various types of support on offer, and eventually into work, even when – as is the case with ESA-WRAG – this is the policy intention.

8.5.2 Political commitment

The political commitment to the sick and disabled agenda appears to be relatively shallow – and becoming more so over time – on the measures that were offered by the framework.

Intensive research, evaluation and trialling is a reliable indicator of deep and substantive commitment and these do appear to decline over the period. Pathways in particular was extremely intensely evaluated and a whole range of additions and variations – the Job Retention and Rehabilitation Pilots especially – were tested. This has been noticeably less the case with recent schemes. Part of the explanation for this is likely to be the fact that these activities are now within the remit of providers rather than government, though notably evaluation of current programmes – still part of the DWP's role – has been much reduced and condensed. Similarly, the agenda appears to have been relatively weakly anchored in government/quasi-governmental institutions, with several being set-up and then quickly abolished over the period of interest.

Quite some effort was expended in pulling together expenditure data, something which does not appear to have been previously done for studies of this area of policy in the UK. The expenditure on employment support for the target groups shows no clear trend for most of the period and declines noticeably post-2010/11. This is entirely consistent with the account in the previous section of narrowing scope, both in absolute terms and towards easier-to-help claimants. If per head costs are compared for the pre-and post-2010/11 schemes, they are substantially lower on the latter than the former, and, according to interviewees, this was an explicit strategy. In particular, the referral cap on Work Choice is a very clear example of strong controls

on rising expenditure, despite seemingly universal agreement between DPOs and providers that it is oversubscribed and should be expanded.

Perhaps the best indicator of the nature of the political commitment is the development of policy post-Pathways. It was a very strong theme of people interviewed about Pathways that its perceived failure had a significant impact on the scale of the DWP's ambitions regarding the activation of sick and disabled claimants, and had been influential in the smaller scale and less generously funded schemes that succeeded it.

8.5.3 The institutional promotion and protection of the right to activation

A key aspect of the institutionalisation of activation has to be the extent to which a claimant's access to activation is not a matter of discretion, but by right. An analysis of what participants of the various UK programmes are entitled to – and on what grounds – shows that access to activation support is contingent on the fulfilling of various eligibility criteria – more often than not related to work readiness. A right to at least some basic support to return to employment has never really existed as a recognised principle. It was embodied to some extent in Jobcentre Plus Pathways Choices, but has been lost in the move over to the Work Programme and its Black Box principle. The WP's minimum standards are on the whole so vague as to be unenforceable, and whilst participants can draw on MSDSs in a complaint about the non-provision of support to the provider ICE and Parliamentary Ombudsman, complaints procedures are not promoted by the vast majority of WP providers, and very few cases are ever investigated by ICE. The situation appears to better on Work Choice – where there is a stated list of services that providers are encouraged to offer – but nonetheless, government cannot – and does not appear to want to – enforce these and there is no formal inspection of providers, as was the case on WorkSTEP.

The apportionment of support does to some significant extent relate to the categorisation of the claimant, rather than a personal assessment, particularly in later programmes. As was discussed in the earlier section on the scope of activation, Pathways support was available to anyone getting IB. On the Work Programme, however, whilst any ESA claimant can participate, DWP's has emphasis has been on channelling new rather than existing claimants to the programme. Once in the programme, the amount providers are paid depends on their benefit group, which has been roundly criticised as a poor indicator of a participant's level of need. Whilst some ESA/IB groups do attract a higher payment, this is not the case for all of them. Further, as the next section discusses, these incentives have proved largely ineffective in encouraging providers to focus on these groups and to offer appropriate services.

8.5.4 Security of the right to activation

A sign of a strongly institutionalised regime is one in which a large proportion of claimants of claimants are able to access support, and this does not appear to be the case for the UK. Without access to Pathways exit data for the pre-2010/11 system and data on Jobcentre Plus Offer services for post 2010/11, it is difficult to establish an activation rate with the precision it was possible to do for Denmark. However, judging from the Work Programme – on which 15% of all ESA claimants were enrolled by the end of the period – it is unlikely to be significantly in excess of 20%.

Regarding the success of the steering tools to ensure claimants get the support they need, again it should be taken as a sign of weak institutionalisation that these do not appear to work well, especially on the Work Programme. There was wide agreement amongst both interviewees; provider, DPO and other representatives who have given evidence on the issue to public inquiries and the data on the provision of specialist support relative to those needing it, that the differential payments system does not drive provider behaviour as intended, and this is linked significantly to the very high proportion of the overall payment that is attached to job outcomes. The majority service fee system operating on Work Choice does, however, appear to design this behaviour out to some significant extent, but this is likely to have been aided by the much lower proportion of harder-to-help ESA claimants accessing the programme.

Unlike Denmark, where rich sub-national data is available, it has not been possible to explore sub-national variation in the security of the right to activation. This would have required a qualitative analysis of different providers in different areas which would have not been possible given the resources available to me.

8.5.5 Conclusions

The British case is a good illustration of the value of looking at activation regimes for sick and disabled claimants over a period of time, and not just as point-in-time snapshot. Even over a relatively short space time – 8 years – it is possible to detect a number of changes that add up to a significant change in the character of the regime.

When the account starts in 2006/7, the UK government is in the middle of a large-scale intervention in the form of Pathways to Work, offering support – albeit fairly limited in an internationally comparative context – to most IB and ESA claimants. After this is seen to fail, the commitment becomes much narrower – increasingly towards the easier-to-help claimants. This change is reinforced firstly by changes in the delivery of support, away from prescribed support by government and towards 'Black Box' provision by contracted providers, for the most part on an outcomes basis that seems to encourage parking of harder-to-help claimants. Secondly, an underestimating of the nature of the caseload – much less ready for work than expected – means that the strategy to prioritise those ready for work within 12 months served a smaller and smaller proportion of the overall caseload. This demonstrates the value in looking at policy efforts relative to the nature of the benefits caseload and the range of claimants. All this has been underpinned by very limited recognition of a claimant's non-conditional right to a minimum level of support.

8.6 Epilogue: Policy learning from the Work Programme and ESA-WRAG

Some policy developments in the past year (2014/15) give credence to some of the points that have been made in this chapter, and some of the weaknesses of the UK approach that have been identified here also appear to have been identified by government.

Regarding the existence of a rights framework and government monitoring of the type of support offered, these were issues that a Work Programme review committee examined, and the proposal to strengthen them have been taken up by DWP. A working group of WP provider representatives have recommended that at the end of the current WP contracts, DWP replace MSDSs with Customer Service Standards (CSS), “to ensure the service is structured to meet the personal needs of all customers and not a minimum level of service.” (Department for Work and Pensions 2014e, p.8). This would include what support the provider should offer at a number of defined points – Pre-programme engagement; Programme engagement; Pre-work Support; In- work Support; and Programme Exit. It was also recommended that the

quality of service offered by the provider's CSS should be formally monitored as part of the contract compliance process. All these recommendations were broadly accepted by DWP and at the end of the period of interest were being tested in the new contract with Intraining, which joined the Work Programme as a provider in CPA 18 after Newcastle College Group's contract was terminated (ibid).

DWP also appear to be seeking to expand the scope of support provided to ESA-WRAG claimants not enrolled on the two live programmes, and to to take on a more interventionist role in terms of prescribing the nature of support. From November 2013 to August 2016, DWP is testing health interventions – the first government-initiated health support since CMP – for 18-24 month prognosis ESA-WRAG claimants. Claimants will have appointments with healthcare professionals provided by Ingeus as a condition of receiving their benefit, and these will be compared with employability-only interventions (Department for Work and Pensions, 2013i).

Chapter 9 Comparing institutionalisation

9.1 Central political commitment

The nature and basis of the political commitment to providing employment support to sick and disabled non-employment benefit claimants is clearly different in the two countries. In the UK, it is an essentially strategic one, based on the perceived political and economic benefits of moving such claimants into work, and as such the strength of the commitment is a function of how those outcomes are valued and deemed possible. Commitment appears to have reduced in the face of prominent programme failures, and is reflected in diminished research and trialling of specialist support, as well as a post-Pathways aversion to launching new specialist programmes. This comes in the context of employment support being a basically discretionary service for government. In Denmark, on the contrary, the commitment to provide support to sick and disabled claimants is rooted in a much broader and deeper commitment to activation as a right, and is anchored in a wide range of governmental and quasi-governmental institutions set up to promote the agenda, trial new services and spread best practice. Despite this, Danish governments are clearly not isolated the effects of failing programmes, and the perceived failure of Flexjobs to reduce the size of Disability Pension caseload appears to have triggered a downwards revision of the level of commitment to such programmes, particularly budgetary commitment.

Considerable effort has been made to put together a set of expenditure figures for Denmark and the UK. Some justification of this is required as – given Denmark's longstanding position as a very high spender on ALMP (ranking consistently the highest spender in the EU and OECD) – an examination of expenditure was never likely to show anything other than a very wide gap in spending, and indeed this is the case. Specialist sickness and disability spending relative to both benefits expenditure and overall ALMP expenditure is many times higher in Denmark than the UK and this appears to pay for more frequent, intensive and extensive activation efforts in the latter than the former – as laid out in 9.1 and 9.3.

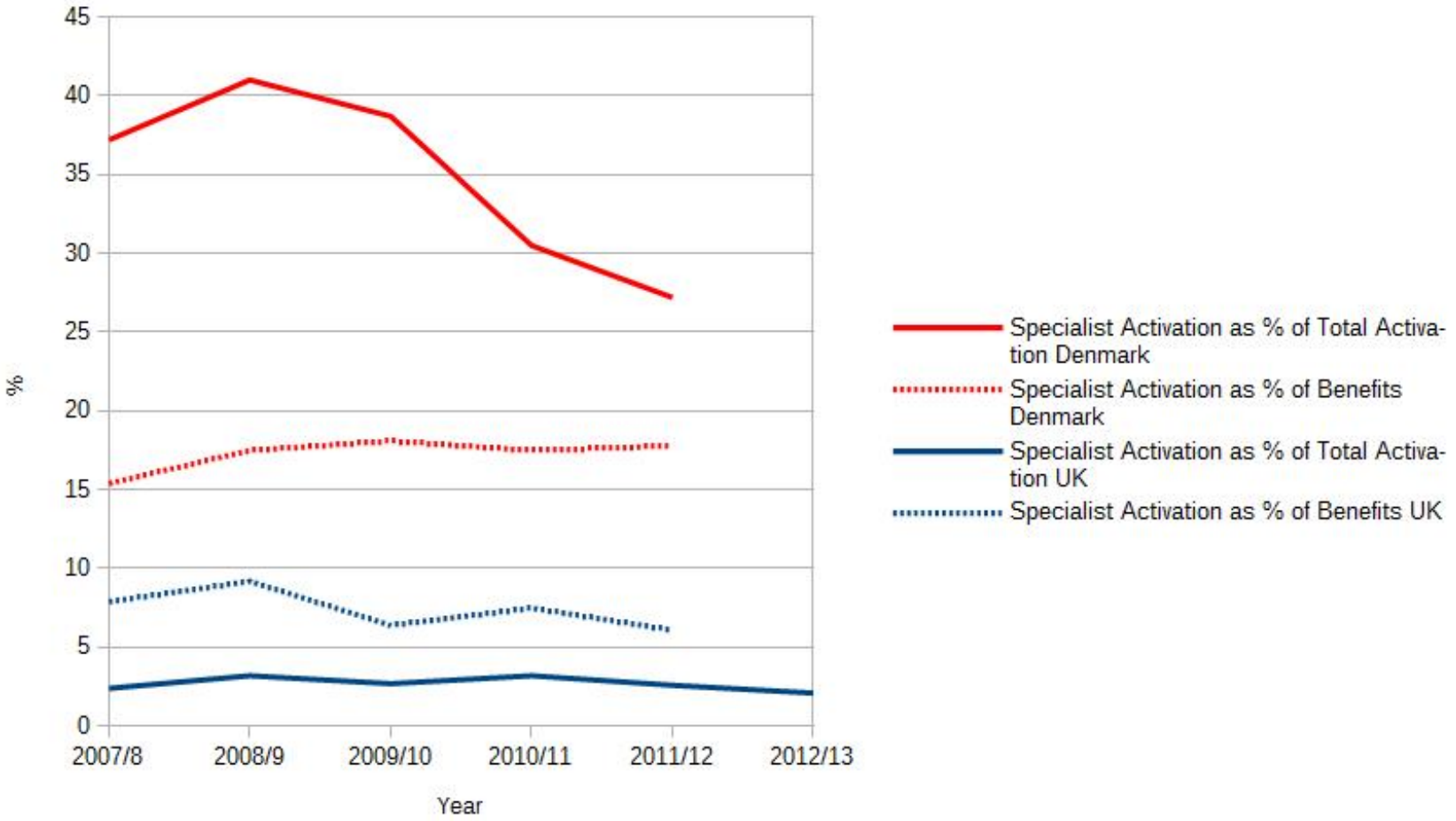
However, although the overall levels of expenditure are as expected, looking at expenditure was valuable for some of the other details it has uncovered. Firstly, breaking down overall figures into individual schemes has enabled me to confirm the findings elsewhere in the study about the emphasis in spending in both countries on measures for claimants relatively close to the labour market and without multiple and complex barriers. Most new spending in Denmark has been on the Flexjobs scheme, whilst spending in the UK has increasingly been at the expense of schemes for claimants furthest from the labour market. This is related to the second important finding that – whatever the two country's respective starting points in terms of spending – there appears to be a trend in both towards a political reluctance to spend on long term and open-ended schemes, with the time-limiting, shift towards lower hours jobs and other measures to lower the cost of Flexjobs; the general push in Denmark to have much shorter and therefore less expensive interventions – the chief victim of which has been Vocational Rehabilitation, and in the UK, significantly reduced unit costs in sheltered employment schemes and the end to funding of Remploy Sheltered Enterprises. Similarly, in both countries there has been a reluctance to fund interventions aimed at helping existing, long-term claimants at an adequate level. The examples here are the scrapping of plans in the UK to invest in getting 100,000 stock IB claimants into work and the Danish government's funding of the new scheme for Disability Pensioners – broadly equivalent to stock IB – at a far lower rate than comparable schemes and far lower than had been recommended.

As explained in Chapter 3, the level of expenditure is less directly relevant to the form or strength of institutionalisation than some of the other factors discussed in this research, but it is an important indicator of the nature of the political commitment, and is part of the broader context of the activation of sick and disabled claimants. It is also likely to to combine other factors to impact on the level of institutionalisation – falling per-head funding is likely to increase pressures for parking, for example.

Perhaps the most important finding regarding expenditure is less the amount disbursed and trends, but how central government funds sickness and disability activation, which is notably different in the two countries. Notwithstanding some relatively small amounts of ad hoc spending through the Prevention and Development Funds, Danish governments have relatively limited autonomy over the funding of

activation. Municipalities decide on the size and the nature of the activation commitment they wish to make – for example, whether to spend on more or less expensive programmes; whether to activate for longer or shorter periods and the types of instruments they use – and central government is bound to refund that to the level stated by the refund rules existing at the time and cannot reduce funding at will. Governments can and do seek to change these rules – it changed Flexjobs refunds in 2001, 2006 and 2013, for example – but this arrangement appears to offer activation spending a bulwark against central government budget cuts, at least in the short term. Whilst the flipside of this is that funding is at the discretion of local government, 7.4 showed that there are generally – but not universally, witness the steep decline in Vocational Rehabilitation spending – effective incentives in place to guard against local governments cutting funding to sickness and disability activation measures.

The system is quite the opposite in the UK. DWP and ultimately HM Treasury have the main say on the year-to-year funding of ALMP. Chapter 8 showed a number of examples – the scrapping of Building on the New Deal; abandoning of plans to invest in a 1000,000 reduction in IB stock and Treasury pressure against a replacement for Pathways – where planned spending has not been taken forward at the behest of ministers. Similarly, unlike in Denmark, government can and does directly control the inflow of claimants in schemes, and has held down referrals to Work Choice. As Chapter 8 showed throughout, if government decides to reduce the scope and level of expenditure, then there is relatively little protection against this.



Graph 9/1: Total expenditure on Specialist ALMP as a percentage of total expenditure on ALMP and expenditure on incapacity-related benefits, UK and Denmark, 2007/08-2012-13

Sources: As for Graphs 7/2, 7/3, 8/1 and 8/2

9.2 The scope and nature of the activation offer

The scope of activation is an idea that has been used throughout this study. Scope is used in two ways – to refer to the range of barriers tackled and, arising from this, the range of claimants helped. Scope is relevant to institutionalisation because, if a narrow range of barriers and the claims with them are the target, then this will poorly serve the claimant pool if it is diverse, as it is in both countries. Measuring the security of activation is important, but it loses meaning and relevance if it does not sit alongside a consideration of how broad a range of claimants are included.

One of the convictions about extant approaches to understanding the activation of sick and disabled claimants in contemporary welfare to work systems from which this thesis stems is that seeking to categorise approaches according to the work-first versus human capital development dichotomy is too limited. This is not to say that it is not a useful way to think about activation – indeed, the issue of outcome and process targets, for example, is useful in determining the scope of activation and has been argued to be an important factor in the institutionalisation of employment services for this group. Nor is critiquing this approach the same as saying that looking at the content of policy is not important – indeed, a significant proportion of each chapter outlines the policy mix in the respective country. Rather, the thesis has tried to show the value in examining the extent to which the policies and programmes on offer reach the full range of claimants needing support – in the terms I have used, the scope of the activation offer – and to show that this does necessarily neatly map onto the work first versus human capital development conceptualisation. A work-first approach is very likely to exclude claimants further from the labour market, but the opposite is not necessarily also true: a programme may invest significant resources into developing a claimant's human development with a view to sustained, long-term (rather than rapid labour market entry), but at the same time be narrowly focused on a small proportion of the overall claimant population and/or have demanding entry requirements which preclude a significant proportion of the claimant pool.

There is a conceptual and a methodological point to make here that was made in earlier chapters, but is worth reiterating: that the nature of an activation regime cannot be derived only from the content of the ALMPs in place, but that we should

also consider how these policies are applied to the claimant pool – i.e. how widely – and the extent to which different sub-groups of the claimant pool are selected for support – and what factors influence their application. The first of these is examined in this section, the second in the next section, 9.3, and their combined impact on institutionalisation in the last section of this chapter.

At first sight, the overview of the Danish sickness and disability activation offer give in 7.2 does not show anything different than what might be expected of Danish ALMP given its history a leading user of and spender on activation. The core activation offer goes beyond standard activation measures like jobsearch advice and activities and also offers more resource intensive measures such as job subsidies; re-training, and opportunities to gain new qualifications. These are part of a core offer available to all non-employed and comparing the service mix for sick and disabled groups with others shows an appropriate difference, with more of an emphasis on training and qualification measures. These are available in low or quite high quantity and intensity and can be applied for long periods of time. These standard measures are often made available to sick and disabled claimants on different terms to UI or SA claimants, with higher subsidies offered for longer in the case of Flexjobs, and more retraining and education programmes in the form of Vocational Rehabilitation. In comparison, the UK offer appears to be considerably more narrow, and narrowing: a core of work-focused interviews and employability support supplemented by some limited supported and sheltered employment places that appear to have gradually fallen away as governments have become less willing to sponsor defined schemes of specialist support.

However, when these are put in the context of what specific sickness and disability groups they are offered to; the overall size and nature of the claimant pool and the requirements for entry into the schemes, the picture changes somewhat. A very large proportion of Danish efforts are focused on relatively recent labour market leavers. By the end of the period of interest, the two biggest – in terms of the numbers treated – activation efforts were for Sickness Benefit claimants and Flexjobs. By definition[104], SB claimants will be, at most, one year out of the labour market. The

104 Or rather, almost by definition. SB claimants can claim beyond 52 weeks, but this relatively rare given the disincentive for municipalities to keep paying SB beyond one year. I am also assuming here, I think fairly, that most claimants have come to SB from employment, rather than another benefit/scheme.

next most numerous scheme for most of the period, Rehabilitation, also took more participants from SB than from anywhere else. This means that there is not very much else on offer for those who have passed through these measures and not been able to return to employment. Flexjobs – which was brought in to divert claimants away from DP – was designed to plug this gap, but it does not appear to have been used for this purpose, and there has been some crowding-out of people with the greatest capacity reductions. Even if this had not been the case, Flexjobs only assumes a capacity reduction due to sickness or disability, not also the additional labour market barriers that we know arise when people become non-employed for those reasons.

Putting so much effort into helping the recently non-employed for reasons of sickness or disability makes strategic sense as it is stopping short-term problems turning into long-term exclusion. However, this clearly does not work as intended as the total DP caseload only decreased by 6000 over the period of interest, despite the significant upswing in the activation efforts for SB claimants and ~25,000 more Flexjob awards. As a result, for most of the period there was a gap in provision for claimants who were not helped by the SB regime and who could not get a Flexjob, as well as the existing ~250,000 DP claimants. That Denmark is now effectively replacing DP with an activation scheme formally bringing together health (including mental health), education and social approaches gives credence to this claim that there has hitherto been a provision gap for claimants with multiple and complex barriers.

Although the UK activation offer kicks in much later and does not target recent labour market leavers as in Denmark, there appears to be a similar focus on a relatively narrow part of the claimant pool. Even supposedly specialist schemes have had, as in Denmark, relatively high participation requirements and have assumed a relatively high level of work capacity in order for claimants to be able to take advantage of them, and with Work Choice, as with Flexjobs, there appears to have been some crowding-out of claimants further from the labour market in the competition to get what specialist support is on offer. As was the case in Denmark until recently, there has not been a clear strategy for sick and disabled non-employed who are not able to successfully make use of the core activation offer and so, again similarly, there has emerged a group – the stock IB claimants and, latterly, ESA-Support and ESA-WRAG claimants with longer prognoses – that are poorly served in terms of the wide availability of specialist support. With regard this latter point, a core

difference, however, is that the direction of travel is quite different – the UK already having tried; failed and largely given-up on integrated approaches to long-term stock claimants, whilst Denmark is just setting off on that policy journey.

The scope of policy as it emerges from a consideration of what is offered and to whom is only first part of the policies stories being told, however. Although the stories hitherto have been somewhat similar than might have been expected, what appears to distinguish them is the extent to which government is able to embed the activation offer in the everyday practice of the sub-national units that deliver activation.

9.3 The institutional promotion and protection of the right to activation

Whether someone subject to activation has rights to employment support as well as to benefit is not one that has been much of a part of activation studies, but it surely must merit consideration when investigating whether provision of activation support has become well-entrenched in the workings of activation regimes. However broad the activation offer is and however well-backed by adequate expenditure, political intent and regulation, if the workless citizen cannot claim support by right, institutionalisation should be considered to be weak, as expenditure and political support can be reduced and wane, and regulation and steering of providers can fail to have the intended impact.

Whether the concept of a right to activation exists as an idea; if it does, how this idea finds expression in a statement of rights; what legal basis this has and how it can be used to seek redress have all been examined in the two countries. Whilst it is possible to successfully seek extra support in the event of poor or underprovision of support in both countries, the position of the claimant appears to be much stronger in Denmark than the UK. A benefit claimant's entitlement to support is clearly and quantitatively – i.e. the length and frequency of the support – stated in law, with a legally enshrined complaints process through the Social Appeals Board, which, along with municipal complaints procedures, appears to be fairly widely used. Crucially, legislation recognises that sick and disabled cliamants may require additional support, and they are generally entitled to longer minimum periods of support than unemployed claimants of Unemployment Insurance and Social Assistance benefits. In line with the findings on the scope of activation, however, what is guaranteed to claimants differs notably between claimant groups. In several interviews Labour Market Authority and Ministry of Employment policymakers described part of central government's role being the protection of individual claimants right to employment support, indirectly through incentive structures and directly through regulation. In contrast, the support available in the UK described is very clearly not provided by right. The UK PES and contracted providers do not have sufficiently specified or enforceable sets of service guarantees for any realistic right to support to exist, and

like so much else in the UK system, it is assumed that the maintenance of an acceptable basic standard of support will arise from providers pursuing profit under the contract and payment systems established, rather than because claimants have an entitlement to such support.

This extent to which a right to employment support exists is important in understanding institutionalisation not just in respect of the relationship between individual claimant and the ultimate provider of service – for the former to assert his or her right against the latter – but for the relationship between the provider and government – for government to manage providers, which is easier if there is a clear set of service standards against which they can be managed. This is the focus of the next part of this section

Although, as discussed earlier in this chapter and in Chapter 7, the Danish activation offer is selective in terms of the groups that are usefully able to access it, once someone is registered on a programme or benefit, there is a system of institutional controls that very strongly promotes provision of services to them, albeit a system which does not always work as well as intended. Most important of these is that there is a general principle underpinning the financing of activation that it should be cheaper for the municipalities to support someone whilst in active measures than not, and so active periods are more generously refunded than 'passive' ones. Alongside this, non-delivery of interventions which are guaranteed to the claimant attracts a penalty. Also worth noting here is the Match system that was established to distinguish between different levels of need and to produce a targeting of support on claimants not close to the labour market. Match 2 claimants by right get more frequent interviews than Match 1 claimants, for example and the barrier is set low enough that around 85% of claimants/participants are classified as Match 2. Thus, the Danish system appears to create a right to activation and, uses the categorisation of claimants and the financing system to very strongly protect and promote this right. The systems Denmark has in place in principle and design, even if not always in practice, establish the provision of employment support as a default for most claimants and, crucially, decouples the provision of support from an assessment of the

likelihood of the claimant's entry into employment.

The Danish Match system looks very much like the post-2008 system in the UK, where applicants for ESA are assessed into three different categories – work-ready and therefore not eligible for the benefit; the ESA-Work Related Activity Group and the ESA Support Group, each with differing levels of conditionality and different access to the Work Programme. Both systems use a personal assessment to categorise the claimant into one of three groups, each offering differing levels of support. There are three crucial differences, however. Firstly, the UK lacks the very strong institutional-regulatory drivers Denmark has that promotes the provision of some kind of support as the default approach to non-employed people. For claimants who are not registered in a programme – which is the majority – there is no clear framework or accompanying set of incentives for the responsible body (DWP through Jobcentre Plus) to progress the claimant towards programme participation. Two yearly interventions are available through the Jobcentre Plus offer, but aside from this, most ESA-WRAG claimants get limited support until they can access a programme. Even when enrolled in a programme, DWP lacks the powers the Danish authorities have to ensure that interventions are delivered appropriately and on time, and only has some indirect control through payment-by-results contracts which, as has been shown and as will be discussed in 9.4, do not work well. Secondly, whilst the Danish system priortises the majority of claimants for support by categorising most claimants as Match 1 and Match 2, the UK system is more narrowly focused: only ESA-WRAG claimants ready for work within 12 months (previously, the bar was set as high as 3 months) and the ESA Ex-IB claimants are prioritised for Work Programme support. Almost in direct opposition to Denmark, there is a rationing of support related to the claimant's distance from the labour market. Thirdly, whilst the Danish Match system has a clear trajectory for those furthest from the labour market – Match 3 – this does not seem to be the case for the equivalent UK group. Match 3 claimants cannot access activation programmes as defined by the AEEA, but they can access a range of statutory health, education and social work support with a view to helping them move closer to the labour market. Although UK governments have toyed with various schemes to provide some similar regime for the ESA-Support Group and its antecedents – PEP and the Gregg Personalised Conditionality approach being examples – none of these have ever reached implementation, and so the UK's only

strategy for such claimants is to allow them to self-refer to Work Choice or Work Programme and hope that providers can offer appropriate support.

The caveat to this picture of distance between the two countries in terms of the promotion and protection of the right to activation is that they do appear to be moving slowly in each other's direction. In Denmark, this very strong push for activation has produced a volume and type – long, resource intensive courses – of activation that governments have become gradually less tolerant of, both politically and in terms of the cost. This would explain why the centre right Rasmussen administrations (2001-2011) have tried to steer municipalities towards shorter periods of activation – with some success – and towards labour market-related measures like traineeships, rather than more expensive classroom training and education courses. Similarly, the UK is currently testing a stronger set of customer service standards to govern its contracted employment programmes and trialling measures for ESA-WRAG 18-24 prognosis claimants.

9.4 The security of activation

This section is the final stage in the analysis, looking at how successful the mechanisms described in the previous section have been in driving the provision of activation for sick and disabled benefit claimants in the two countries, examining what proportion of the claimant pool has been able to access support, particularly those further from the labour market, and the extent to which parking and similar gaming behaviour has been tackled.

The quality and availability of the data that is recorded for Denmark provides a very precise picture of both the proportion of claimants in activation and how long they were activated for, very useful measures in trying to establish how secure access to activation is. In terms of the reach of activation, sick and disabled claimants are not significantly less likely to be activated than standard unemployed groups, and Share Activated is significantly higher for Rehabilitation participants. Additionally, Share Activated strengthens for all groups over the time period studied, and very significantly for Sickness Benefit claimants. This should be taken as a sign of strong institutionalisation – it appears that sick and disabled groups do not face significant additional barriers than other groups, and accessing support becomes more

widespread over time. If a weighted average is calculated of all sick and disabled groups Share Activated increases from 42% in 2007 to 59% in 2013, before dropping in the final year of interest, and none of these figures take into account an additional ~60,000 Flexjob susbidies.

The UK does not compare favourably to this. The high participation bars and the crowding-out of sickness and disability benefit claimants inevitably mean that there will a much lower proportion of claimants access support, even with a greater proportion of claimants subject to conditionality. Given the paucity of UK data, it is difficult to develop as rich or as extensive a set of figures to compare with Denmark, but the best available is the percentage of ESA claimants accessing the Work Programme that were presented in Graph 8/6, which is comparable with Share activated as it is similarly the participation in activation as a proportion of the overall benefit caseload. At its highpoint, this is 13% for ESA claimants[105]. Even accounting for the fact that these figures do not include Work Choice, this is much lower than for Denmark.

Perhaps most impressive about Denmark is the consistency of activation over the whole range of claimants – close to; somewhat distant and far from the labour market. Activation Share and Intensity does not significantly differ between Match 1 and Match 2, which would suggest that measures to counteract parking work well. Even Match 3 claimants, who are not required to participate and who municipalities are not required to help, are not significantly far behind in terms of the reach and intensity of activation considering their distance from the labour market. Again, the UK does not compare favourably. ESA support claimants have not accessed programmes in significant numbers, and their rate of access runs far below ESA-WRAG claimants. Though this is expected given the different terms of access, it is worth noting that the forecasts were far higher and previous programmes have been

105 Whether to compare Share Activated with WP access data for ESA-WRAG (27%) or with all ESA claimants (13% in the final year) was a knotty methodological decision that is worth making a small commentary on, being as it is a very good example of the difficulties in comparing activation in two very different benefits systems. The problem is that the ESA group contains many claimants who in Denmark would be in Disability Pension and therefore are out of the active system entirely. Comparing the entire ESA group, then, would not be comparing like with like. Solving this by including DP claimants at 0% Share Activated would, however, have seriously skewed the Danish data. At the same time, however, comparing only ESA-WRAG with a mix of conditional and voluntary claimants is also not comparing like with like. In truth, there is no easy or neat decision, and such is the reality of comparative research. In the end, it was decided to use the combined ESA and Support figure on the grounds that the Work Programme failure to adequately engage Support claimants compared to previous programmes was a key aspect of developments in the UK.

able to engage such claimants in greater numbers.

Again worth pointing out here are some flaws in the Danish approach and some ways in which it shows some a small element of convergence with the UK. Although activation generally reaches a large proportion of claimants, there are some gaps which claimants can fall through. Despite being classed as ready for work with some assistance, Flex Benefit claimants have gotten very limited support, and this is decreasing over time. This is entirely consistent with the interview data, with several interviewees and other sources showing that the model Denmark has established breaks down for claimants further from the labour market, due to the very high investment costs relative to the low likelihood of labour market return. This also appears to be the case for Resource Scheme participants – supposedly a new priority for the Danish government – but given that it only started in 2013, it will take a few more years to see a trend develop. This does, however, fit with the low investment in the scheme relative to the recommended amount and to other similar schemes like Vocational Rehabilitation. There is also considerable geographical variance, and activation is clearly higher on the local agenda in some areas than others.

Additionally, there is some element of gaming around benefit categories that Share Activated and Activation Intensity cannot pick up on easily: interviewees reported that claimants are transferred Match 3, where there are no obligations to provide activation, or to other benefits like Social Assistance, where it is reported by disability groups claimants get very limited specialist support because of their benefit categorisation. This strongly reminiscent of the transfer of IB claimants to JSA.
The comparison now moves on to how what extent of support claimants receive in the two countries, and how this is influenced by the systems that are in place. Regarding Denmark, it is clear from the two measures of activation length that very large amounts of support can be provided. The average Rehabilitation claimant spends around 85% of their claim period in activation, to the tune of around 30 hours a week. Whilst this is not typical, it does show the lengths to which the Danish system can go. More typical would be an SB claimant, spending 25% of their claim period in activation, around 4 hours each week. Given the non-availability of similar data in the UK, the comparison is inevitably imprecise, but it is clear from the interviews and from other qualitative data that such levels of support are not available – 4 hours a week – is not the norm on UK programmes. On the contrary, there is evidence of

extensive parking of claimants on the Work Programme, and on Work Choice to a lesser extent. Unlike the Danish steering tools, the differential payments system on the Work Programme does not drive providers to invest in support for participants they perceive as harder-to-help.

Again, however, it is possible to detect some small element of convergence of the two. There has been considerable system-wide political pressure in Denmark for shorter activation periods, and indeed Activation Intensity drops for all groups apart from Rehabilitation and Pre-Rehabilitation. Similarly, the Flexjob rules have been changed to move subsidies over to lower-hours jobs.

9.5 The form and strength of institutionalisation of activation in Denmark and the UK

Given the emphasis I have placed throughout this presentation of the research upon the importance of understanding the detail and nuances of how the activation regimes operate in the two countries, I am somewhat reluctant to come to a conclusion about the strength of institutionalisation of activation in the sense of labelling each country. A description of Denmark and the UK as 'strongly' or 'weakly' institutionalised will inevitably gloss over these nuances, as well as ossifying what I have argued to be an essentially dynamic processes. Further, the purpose of the model presented was to provide through the concept of institutionalisation a different and better way of understanding the nature of activation regimes for sick and disabled claimants, rather than to allow the user to arrive at a definitive conclusion for each country. The way I square this circle is to invoke the comparativist's privilege: whilst I am reluctant to label one or the other as strongly or weakly institutionalised, the strength of institutionalsiation in the two countries can be stated in comparison to one another – i.e. whether the provision of activation support is more strongly or less strongly institutionalised in Denmark than the UK.

In most of the aspects that the framework argues to be important, employment support is clearly more strongly institutionalised in Denmark than the UK. It is underpinned by a longstanding political commitment to providing employment support not in a discretionary manner to serve government strategy – to increase the

effective labour supply and lower dependency ratios, for example – but because it is a recognised part of a non-employed citizen's social rights. This and the particular method of funding of most social policies mean that government is locked into very generous expenditure that pays for a fairly wide range of services, a commitment that cannot quickly or easily be reduced. Also arising naturally from this is a strong system of direct regulation and indirect steering by financial incentives that, albeit unevenly and with blindspots, particularly regarding claimants with complex barriers to employment, appears to do a largely effective job of protecting this right. Crucially also, although the likelihood of job outcomes does clearly have an impact on the provision of support, this sits alongside a mostly respected recognition that citizens have a right in law to access some minimum support that cannot be abrogated by the municipality's assessment that such support may not result in the citizen getting employment.

The experience in the UK, particularly by the end of the period of interest, appears to be quite the opposite. Political commitment to offering some basic package of support to most claimants was relatively strong in the UK context at the start of the period, but diminished rapidly after the perceived failure of Pathways. Consequently, funding of successor support has been much more cautious, the budgetary freedom of UK central government meaning that funding can be directed away relatively easily. Employment support is fundamentally a discretionary government service, and there is no legal codification of what support the claimant is entitled to. As such, UK government does not have an established role in ensuring support is provided beyond an extremely weak set of minimum standards associated with the current major employment programme, which are anyway so nebulous as to be unenforceable. The funding systems underpinning the major programmes are the only protection for claimants from parking, and these appear largely ineffective, although the majority service fee system for supported employment programmes does appear to offer some better guarantee of some meaningful support over the medium term.

However, there are two further points to make that problematise this hitherto fairly neat distinction. Firstly, both systems have a series of mechanisms which, in the term used in this thesis, 'sort and select' within the sickness and disability benefit claimant pool, providing more intensive support to certain groups – almost always those closer

to the labour market – and less (or even sometimes effectively no) support to those identified as further. This happens at several distinct levels in different ways. Firstly, at the highest level, most notably in Denmark with regard Disability Pension claimants – a large group of around 260,000 people – until very recently, a certain benefit group or sub-group may be formally outside the active system. Secondly, even if harder-to-help claimants are within the scope of activation, they may fall foul of high programme access criteria used to ration support, or, unintentionally, suffer from crowding-out from more labour-market ready claimants as appears to have been the case with Flexjobs and Work Choice, the third mechanism. Again this is process that may be worsened by of rationing of support and is also more likely to happen if the breadth of support on offer is inconsistent with the needs of the sick and disabled claimants looking for support. There were several examples in both countries of this being the justification for parking of claimants.

The second caveat is that this is clearly some convergence between the two, driven mainly, it seems by Denmark moving away from its extant approach. The drivers of this appear to be reduced political willingness to fund resource-intensive medium to long-term interventions and increasing emphasis on outcomes rather than service provision targets.

Chapter 10 Conclusion

10.1 Summary of the research and the contribution it makes

Throughout these 10 chapters, an attempt has been made to draw on the very rich heritage the last 20 years of ALMP studies bequeaths to a researcher in order to bring a new perspective to an academic debate that sometimes appears to revisit the same issues time and time again. The project's approach to studying the activation of sick and disabled claimants is characterised by a desire to establish how well the practice of activating this group – previously a peripheral one – has become embedded in the everyday operation of the activation regimes of the two countries. This is a desire driven by a suspicion – based on a review of existing activation literature – that this embededness may be less the case than either the proponents or the critics of welfare to work for sick and disabled claimants assume. Taken to its natural conclusion, the concept of institutionalisation as constructed here suggests that policy change in welfare to work for this group is driven at least as much by the internal dynamics of target setting; central management of service providers to align their practice with political objectives, and the consistency of policy tools with policy targets as by specific policy decisions to choose one type of programme or intervention over another.

Institutionalisation as a concept has been able to usefully distinguish the UK from Denmark, yet at the same time pick up on some important but otherwise easily missed similarities. Governments in welfare states as different as these two that seek to integrate claimants of these benefits into employment face many of the same problems in providing appropriate back-to-work support. Perhaps most distinctively, the study has shown how two very different activation regimes 'sort and select' sick and disabled claimants for activation in very similar ways, with certain sub-sets of the overall claimant pool – almost always those nearer to the labour market – being prioritised for support. This points to the need for more attention to be paid to how governments respond to the diversity of sick and disabled benefit claimants and of

their needs.

The study has strengthened my belief that when analysing the activation of sick and disabled benefit claimants – and indeed perhaps any social policy – the devil is very much in the detail, and that broad overviews will often trade large-n comparability with accuracy. I choose my words carefully and deliberately here. This is not just a matter of broad overviews offering less rich or nuanced pictures of welfare regimes – although this is also the case. Rather, detecting and appreciating the importance of those nuances is crucial to an accurate overall understanding. The framework has offered a way to identify what detail is important and what relevance it has. Flexjobs is a good example here. Etherington and Ingold (2012) are right in a broad sense to call it an inclusive labour market strategy as that is what it was designed to do – broaden access to the labour market. It is a large, generously-funded scheme that claimants can access by right providing they meet the qualifying conditions. However, when one judges it against the framework offered, for example, looking at *who* gets access to it – people already in employment and those already close to the labour market and how political commitment to it has changed – sharply declining in recent years – it shows up in a different light, and should be seen as less inclusive than they argue. The same applies to Work Choice in the UK – apparently a step away from the usual poorly-resourced, work-first model given that it is a significant expansion on previous supported employment schemes, but it looks less so when one considers how it serves a different, closer to the labour market population than previous schemes, with a significantly reduced per-head budget.

10.2 Next steps

The concept of institutionalisation is not one that has been used in ALMP analysis and thus the concept here has been developed iteratively and in a grounded way from existing ALMP literature. It has been operationalised into a great many measures, and inevitably there will be some scope for refinement and concision. If a concept is to be useful, then clearly a potential user needs to be able to unpack and use it in a rather more compact way than the ~85,000 words it has taken here. Part of that process might involve seeking to adapt the concept for studying the activation of groups other than than sick and disabled benefit claimants. Certainly, many of the factors that have

been argued to be important – designing out creaming and parking behaviour and matching up a diverse set of claimants with a diverse set of services – are issues that have been discussed by others in relation to immigrants and lone parents.

An important unforseen issue that emerged in the comparison between the two countries is the quite different legal and regulatory basis of activation. It has been shown that Denmark has something that approaches a *de jure* right to activation, with clearly specified amounts and types of support being laid out in legislation. The UK, meanwhile, appears to guarantee very little to claimants, with a weak basis for programme participants to seek redress in response to poor services. Given recent interest in the legal underpinnings of activation (Aerschot, 2013); what Benish (2014) calls 'administrative justice' in activation, and increasing amounts of activation being provided through non-state institutions, a project looking at the legal and regulatory basis of the right to employment support might now be timely.

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Appendices

Appendix A Freedom of Information Requests

A1 Specialist advisers and Pathways WFIs

If you contact us, use this reference:
FOI 1725

Department for Work & Pensions

Peel Park
Brunel Way
Blackpool
Lancashire
FY4 5ES

www.gov.uk

28th May 2015

Freedom of Information Act – Request for Information
Our Reference: FOI 1725

Dear Mr Heap,

Thank you for your Freedom of Information request received on 26th April 2015. You asked for:-

1. I would like to know the total number of staff employed by Jobcentre Plus/DWP as disability/IB personal advisers, from advent of personal adviser service to present day (or nearest years for which data is available). These staff would include; Disability Employment Advisers, JCP Work Psychologists, Disability Personal Advisers + Incapacity Benefit / Employment Support Allowance Personal Advisers etc. See attachment for previous request: this needs updating to latest available year and data for DEAs and Psychologists adding.

   You have already provided data to 2012 for some of these, attached for your information. These would need updating to latest available year, as well as data for DEAs and Work Psychologists.

2. The number of Work-Focused Interviews conducted under Jobcentre Plus Pathways to Work (and Provider-led if available, but I assume providers didn't release that data) for each year of the programme. See attached FOI for similiar data: these need updating to most recent year and data needs to specific to Pathways.

3. Expenditure on Pathways (Provider-led and JCP-led) by element (e.g. Interviews, CMP, RTWC) for each year of the programmes. This data is available as it is used in an NAO report (p.21).

DWP Response

Part 1. Please see table below showing:

The different types of 'specialist advisers' including numbers deployed since 2012.			
	2012.13	**2013.14**	**2014.15**
Jobseekers Allowance (JSA) Adviser	7,793	6,626	6,822
Jobseekers Allowance (JSA) New Jobseekers Interview (NJI) Adviser	2,463	2,044	1,753
Post Work Programme Support (PWPS) Adviser		988	
Youth Contract Hot Spot Adviser		437	
Employment and Support Allowance (ESA) Adviser	804	890	1,136
Income Support (IS) Adviser	1,088	983	1,163
16/17 Year Old Specialist Adviser	176	144	115
18-19 Not In Employment Education or Training (NEET) Adviser			53
Disability Employment Adviser	520	444	368
Local Authorities Families Programme Adviser		99	161
Community Outreach Adviser	91		
Outreach Adviser	230	222	
Remploy Personal Case Worker (PCW) Adviser		33	14
Discharged Prisoner Adviser			121
Universal Credit (UC) Adviser / Coach		33	195
Employer Advisers	1,113	1,072	1,232
Work Psychologists	60	62	56

Notes

1. *Figures for 2014.15 only include 11 months from April 2014 to February 2015. At the time of answering this FOI request, March 15 data was unavailable.*
2. *The numbers of advisers are expressed as Full Time Equivalents.*
3. *Source of MI: Work Services Activity Based Management Tool.*
4. *The management information contained within this document does not form part of any official statistics and is intended for DWP internal use only.*

Part 2. Please see table below showing Jobcentre Plus Pathways to work – WFIs attended (New Customers).

Month WFI attended	Total	Initial WFI	1st Repeat WFI	2nd Repeat WFI	3rd Repeat WFI	4th Repeat WFI	5th Repeat WFI
Up to Apr 10	1,622,410	622,420	318,180	234,640	181,890	145,470	119,810
Apr-10	44,930	13,510	6,810	7,610	6,520	5,700	4,780
May-10	39,510	13,580	4,590	5,440	5,870	5,240	4,800
Jun-10	39,980	14,160	4,800	4,750	5,480	5,600	5,190
Jul-10	37,030	13,770	4,910	4,160	4,390	4,910	4,890
Aug-10	32,480	13,010	4,360	3,630	3,620	3,800	4,070
Sep-10	34,220	13,600	4,780	4,050	3,800	3,870	4,110
Oct-10	29,140	9,530	4,860	3,890	3,730	3,580	3,560
Nov-10	25,010	3,450	5,170	4,640	4,110	3,850	3,790
Dec-10	17,040	1,970	3,150	3,260	3,140	2,280	2,730
Jan-11	22,450	2,500	3,950	4,210	4,240	3,960	3,600
Feb-11	19,590	2,750	3,300	3,370	3,380	3,440	3,350
Mar-11	22,780	3,710	3,630	3,770	3,770	3,820	4,090
Total	**1,986,580**	**727,950**	**372,470**	**287,430**	**233,930**	**196,040**	**168,760**

Notes

1. *Source of MI: Job Centre Plus Pathways to Work (LMS) database.*
2. *Pathway to Work ended in 2011 –figures have been provided for the lifecycle of the programme.*

ed for:-

Part 3 – We can confirm that the Department does hold some information falling within the description specified in your request. However, we are not able to respond to your request in full.

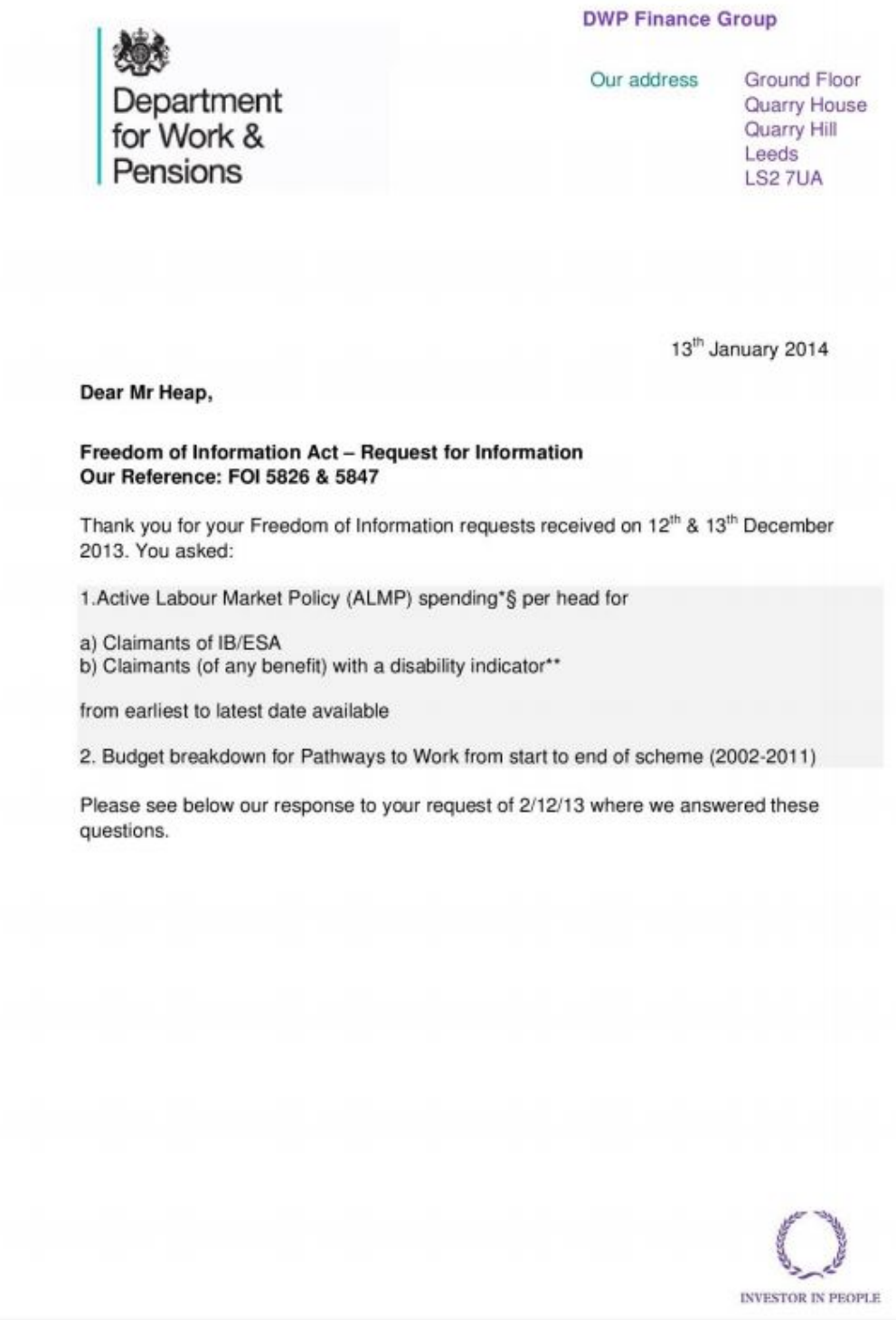
ıt were

As detailed in the subnote in the referenced NAO report, other funding areas may be integrated into pathways expenditure for example New Deal for Disabled People or more recently Work Programme which has superseded pathways as a provision within the Department. The departmental accounting groupings do not allow for a simple disaggregation of pathways spend beyond that held in the report you reference. To be able to provide the information you request would involve detailed analysis of transaction reports to identify pathways specific expenditure.

We estimate that the cost of complying with your request would exceed the appropriate limit of £600. The appropriate limit has been specified in regulations and for central Government it is set at £600. This represents the estimated cost of one person spending 31/2 working days in determining whether the Department holds the information, and locating, retrieving and extracting the information. Under section 12 of the Freedom of Information Act (FOIA) the Department is not obliged to comply with your request and we will not be processing your request further.

Jobseekers Allowance (JSA) Adviser (Stage 2)		1,608	
Jobseekers Allowance (JSA) Adviser (Stage 3)		3,570	
Jobseekers Allowance (JSA)	3,036		

A2 Programme expenditure data



Department for Work & Pensions

DWP Finance Group

Our address
Ground Floor
Quarry House
Quarry Hill
Leeds
LS2 7UA

13th January 2014

Dear Mr Heap,

Freedom of Information Act – Request for Information
Our Reference: FOI 5826 & 5847

Thank you for your Freedom of Information requests received on 12th & 13th December 2013. You asked:

1.Active Labour Market Policy (ALMP) spending*§ per head for

a) Claimants of IB/ESA
b) Claimants (of any benefit) with a disability indicator**

from earliest to latest date available

2. Budget breakdown for Pathways to Work from start to end of scheme (2002-2011)

Please see below our response to your request of 2/12/13 where we answered these questions.

INVESTOR IN PEOPLE

239

1. Our data systems do not record spend per head for claimants of IB/ESA or any benefit with a disability indicator.

   The data within the table below shows spend on the main Disability programmes and the earliest available data is from April 2007.

		Actual Spend (£)					
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
HELP FOR DISABLED PEOPLE	**Note**	**241,276,748**	**367,146,097**	**371,912,590**	**358,276,588**	**157,587,079**	**139,033,611**
RESIDENTIAL TRAINING COSTS		17,085,498	17,692,415	17,767,988	18,229,214	15,643,284	14,581,902
ACCESS TO WORK		75,846,143	81,223,332	97,988,400	107,051,708	92,937,132	95,165,200
BLIND HOMEWORKERS SCHEME		1,416,230	407,763	278,356	532,580	117,027	381
PATHWAY TO WORK		59,661,742	90,973,521	93,356,258	94,531,980	37,697,611	28,233,963
PROVIDER LED PATHWAYS		10,325,088	99,124,367	84,465,155	88,135,037	8,805,432	80,642
DEA EXPENDITURE		91,558	50,940	46,262	44,609	2,988	1,082,800
WORKSTEP	1	66,270,544	66,567,121	66,788,812	40,772,051	2,363,327	-96,112
WORK PREPARATION	1	10,579,945	11,106,638	11,221,359	8,979,410	20,278	-15,063
REMPLOY RESOURCE GRANTS		**191,840,000**	**173,500,000**	**117,230,000**	**172,780,000**	**195,090,000**	**104,797,675**
WORK CHOICE		**0**	**0**	**0**	**32,159,407**	**78,513,189**	**82,836,130**
WORK PROGRAMME ESA PGs	2	**0**	**0**	**0**	**0**	**31,058,959**	**58,791,078**
Flexible Support Fund SICK/DISABLED CUSTOME	3	**0**	**0**	**0**	**0**	**2,123,210**	**3,462,447**
TOTAL SPEND		**433,116,748**	**540,646,097**	**489,142,590**	**563,215,995**	**464,372,438**	**388,920,940**

Notes:

- (1) In 2012/13 Work Preparation and Work Step had ended, being largely replaced by Work Choice. The costs relating to these closed programmes are residual costs or recovered costs that have come through after the programmes ended.
- (2) Spend relates to elements within the Work Programme that can be directly attributed to ESA or former IB claimants.
- (3) Flexible Support Fund spend represents only awards that can be directly attributed to sick/disabled customers.
- Spend not included in the above table :
  - i) Medical Assessments costs as these are associated with the benefit regime and not spend to directly support the customers themselves
  - ii) Any Programmes where the elements for sick/disabled customers can't be separately identified.

Data source: DWP Hyperion

2. The data in the table below shows the actual spend for Pathways to Work. The table includes both Jobcentre Plus Pathways to Work and Provider Led Pathways to work information. The earliest available data is from April 2007.

		Actual Spend (£) 2007-08	Actual Spend (£) 2008-09	Actual Spend (£) 2009-10	Actual Spend (£) 2010-11	Actual Spend (£) 2011-12
JOBCENTRE PLUS PATHWAYS TO WORK		59,661,742	90,973,521	93,356,258	94,531,980	37,697,611
PROVIDER LED PATHWAYS		955,199	25,891,386	39,777,437	48,966,937	7,034,845

Data Source: DWP Hyperion

If you contact us, use this reference:
FOI 1638

Department
for Work &
Pensions

Peel Park
Brunel Way
Blackpool
Lancashire
FY4 5ES

www.gov.uk

5th May 2015

Freedom of Information Act – Request for Information
Our Reference: FOI 1638

Dear Mr Heap,

Thank you for your Freedom of Information request received on 16th April 2015. You asked for:-

Any chance this can be updated to the latest available year?

This is in reference to FOI 5684 from December 2013

1. Active Labour Market Policy (ALMP) spending per head for
a) Claimants of IB/ESA
b) Claimants (of any benefit) with a disability indicator
from earliest to latest date available.
2. Budget breakdown for Pathways to Work from start to end of scheme (2002-2011)

DWP Response

1. Our data systems do not record spend per head for claimants of IB/ESA or any benefit with a disability indicator.

   The data within the table below shows spend on the main disability programmes and the earliest available data is from April 2007.

		Actual Spend (£m)						
		2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
HELP FOR DISABLED PEOPLE	**Note**	**241.3**	**367.1**	**371.9**	**358.3**	**157.6**	**139.0**	**147.9**
RESIDENTIAL TRAINING COSTS		17.1	17.7	17.8	18.2	15.6	14.6	13.2
ACCESS TO WORK		75.8	81.2	98.0	107.1	92.9	95.2	107.9
BLIND HOMEWORKERS SCHEME		1.4	0.4	0.3	0.5	0.1	0.0	0.2
PATHWAY TO WORK		59.7	91.0	93.4	94.5	37.7	28.2	25.2
PROVIDER LED PATHWAYS		10.3	99.1	84.5	88.1	8.8	0.1	0.0
DEA EXPENDITURE		0.1	0.1	0.0	0.0	0.0	1.1	1.4
WORKSTEP	1	66.3	66.6	66.8	40.8	2.4	(0.1)	0.0
WORK PREPARATION	1	10.6	11.1	11.2	9.0	0.0	(0.0)	(0.0)
REMPLOY RESOURCE GRANTS		**191.8**	**173.5**	**117.2**	**172.8**	**195.1**	**104.8**	**82.8**
WORK CHOICE		**0.0**	**0.0**	**0.0**	**32.2**	**78.5**	**82.8**	**85.9**
WORK PROGRAMME ESA PGs	**2**	**0.0**	**0.0**	**0.0**	**0.0**	**31.1**	**58.8**	**74.9**
Flexible Support Fund SICK/DISABLED CUSTOMER	**3**	**0.0**	**0.0**	**0.0**	**0.0**	**2.1**	**3.5**	**1.1**
TOTAL SPEND		**433.1**	**540.6**	**489.1**	**563.2**	**464.4**	**388.9**	**392.7**

Notes:

1. In 2012/13 Work Preparation and Work Step had ended, being largely replaced by Work Choice. The costs relating to these closed programmes are residual costs or recovered costs that have come through after the programmes ended.

2. Spend relates to elements within the Work Programme that can be directly attributed to ESA or former IB claimants.

3. Flexible Support Fund spend represents only awards that can be directly attributed to sick/disabled customers.

4. Spend not included in the above table :
    a. Medical Assessments costs as these are associated with the benefit regime and not spend to directly support the customers themselves
    b. Any Programmes where the elements for sick/disabled customers can't be separately identified.

5. The data in the table below shows the actual spend for Pathways to Work. The table includes both Jobcentre Plus Pathways to Work and Provider Led Pathways to work information. The earliest available data is from April 2007.

A3 Specialist disability employment programmes ring-fence

Department for Work & Pensions

Website: www.dwp.gov.uk

Dan Heap
dannheap@gmail.com

Your Reference:

Our Ref: FoI 3493

Date: 01 August 2013

Dear Dan,

Thank you for your Freedom of Information request of 25 July 2013.
You asked:

How is the £320m annual budget for specialist disability employment services being spent/ planned to be spent til the end of the current spending round?

The Department's funding for specialist employment programmes during the current spending review period (to March 2015) is around £320m a year on average. This budget is used to fund the following programmes to provide support to help disabled people into, and remain in, work.

Work Choice provides tailored support to help disabled people who face the most complex barriers to employment, find and stay in work and ultimately help them progress into unsupported employment, where appropriate.

Access to Work provides additional support for individuals whose health or disability affects the way they do their job. It provides individuals and their employers with advice and support with extra costs which may arise because of an individual's needs.

Residential Training provides vocational training to unemployed disabled adults, whose needs cannot be met through any other government funded programmes and is delivered through nine Residential Training Colleges. Colleges have the freedom to develop their services to meet the needs of the individual.

Remploy Ltd is a public corporation limited by guarantee and a Non Departmental Public Body sponsored by the Department for Work and Pensions. It receives annual grant-in-aid funding in exchange for delivering Work Choice, providing a range of employment and development opportunities for disabled people. It also trades as a Public Corporation and generates income through commercial operations.

Remploy's business is organised into two distinctive parts:
Remploy Employment Services, through its national network of around 60 branches and offices, in England, Scotland and Wales is a leading specialist

provider for helping disabled people and has supported over 50,000 disabled and disadvantaged people into work since 2010.

Remploy Enterprise Businesses (the factory network). Following the Sayce Review and subsequent Government announcement in March 2012, the factory network is in the process of being sold and non viable businesses closed. The Government decision in March 2012 to implement the Sayce recommendations and not continue to fund the Remploy factories which operated at a loss of around £50m in 2011/12 releases funding to support more people into work and achieve better value for money for the taxpayer.

The level of spending on each of the disability employment programmes set out above depends on volumes and each budget is agreed by the Department annually.

The Government will be publishing an employment strategy for disabled people and those with health conditions later in the year and as part of this, we will consider how best to allocate funding to support more people into work.

Yours sincerely

S Hill
Specialist Disability Employment Programme

Your right to complain under the Freedom of Information Act

If you are not happy with this response you may request an internal review by e-mailing freedom-of-information-request@dwp.gsi.gov.uk or by writing to DWP, Central FoI Team, Caxton House, Tothill Street, SW1H 9NA. Any review request should be submitted within two months of the date of this letter.

If you are not content with the outcome of the internal review you may apply directly to the Information Commissioner's Office for a decision. Generally the Commissioner cannot make a decision unless you have exhausted our own complaints procedure. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow Cheshire SK9 5AF www.ico.gov.uk

A4 WorkSTEP starts

DWP Central Freedom of Information Team

e-mail: freedom-of-information-request@dwp.gsi.gov.uk

Our Ref: VTR 2338

24/6/15

Dear Mr Heap,

Thank you for your Freedom of Information (FoI) request received on 9/6/15. You asked:

> *If the data was recorded, please tell me the number of referrals to WorkSTEP, broken down by benefit claimed. An overall figure for the whole programme is what I need, but if you have year-by-year figures easily accessible, I'll have those as well.*

The answer to your question is as follows:

Referrals to Workstep by benefit are not available. However the following tables gives Workstep starts by out-of-work benefit claimed at the programme start, by year.

Table: Number of Programme starts by out-of-work benefits claimed at Workstep programme start

Out-of-work benefit combination	SinceApril 2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
All	44,780	1,920	3,600	4,550	5,840	5,450	6,080	5,710	5,910	5,710
No out-of-work benefit claimed	21,760	1,150	1,950	2,420	3,020	2,520	2,740	2,570	2,660	2,760
ESA only	450	0	0	0	0	0	0	0	40	400
IB/SDA only	4,550	160	360	510	650	640	650	650	580	320
IB/SDA and IS	17,350	540	1,200	1,560	2,050	2,210	2,610	2,420	2,560	2,170
IS only	630	50	70	70	80	70	80	70	70	60
JSA only	10	0	0	0	0	0	0	0	0	0

Source: *DWP Workstep Evaluation Database*
Notes: *Figures are rounded to the nearest 10.*

If you have any queries about this letter please contact me quoting the reference number above.

Yours sincerely,

DWP Central FoI Team

Your right to complain under the Freedom of Information Act

A5 Work Programme and Work Choice complaint referrals to the Independent Case Examiner

Independent Case Examiner

Mr Dan Heap
By email – dan.heap@ed.ac.uk

10 September 2015
FoI ref - 3498

Dear Mr Heap

Thank you for your Freedom of Information request received on 21 August 2015. You asked for:-

In respect of your Freedom of Information request FoI 3361 you said:

"Regarding your response to this FOI, please accept my apology for not making my request, which you have misunderstood, clearer. I wanted the ICE figures for contracted programmes broken down by programme. This breakdown is not included in existing ICE reports. Please split the 2014/15 figures kindly provided down by programme, and the same for all previous years available".

Our response

Following a telephone call with you to clarify your request, please find the details you requested for the yearly periods from June 2011 to August 2015 in the tables below.

I June 2011 to 31 March 2012

Programme	Received	Accepted	Not accepted (Gateway fail)	Stage of case
Work Programme	unknown	11	unknown	ICE report (10), Withdrawn (1)

In line with the departmental Data Retention Policy, the information about total number of complaints received and total number of complaints that failed our Gateway process for the above period has been destroyed.

1 April 2012 to 31 March 2013

Programme	Received	Accepted	Not accepted (Gateway fail)	Stage of case
European Social Fund	1	0	1	
Mandatory Work Activity	2	0	2	
Merlin Mediation	1	1	1	Mediation unsuccessful
Work Choice	3	3	2	Withdrawn (1), ICE report (2)
Work Programme	215	62	153	Withdrawn (4), ICE report (50), Resolutions (7), Settlement (1)

1 April 2013 to 31 March 2014

Programme	Received	Accepted	Not accepted (Gateway fail)	Stage of case
Atos	35	8	27	ICE report (8)
Capita	7	0	7	
European Social Fund	1	0	1	
Jobcentre Plus Support Contracts	3	2	1	Resolution (1), ICE report (1)
Mandatory Work Activity	4	1	3	ICE report (1)
Residential Training College	1	1	1	ICE report (1)
Work Choice	4	1	3	ICE report (1)
Work Programme	227	90	137	Withdrawn (2), ICE report (77), Resolution (6), Settlement (5)

1 April 2014 to 31 March 2015

Programme	Received	Accepted	Not accepted (Gateway fail)	Stage of case
Access to Work	1	1	1	ICE report (1)
Atos	121	36	85	ICE report (24), Awaiting Investigation (10), Withdrawn (2)
Capita	29	5	24	ICE report (4), Awaiting investigation (1)
CDHA Maximus	1	0	1	
Community Work Placements	4	3	1	ICE report (1), Awaiting investigation (1), Settlement (1)
Jobcentre Plus Support Contracts	1	0	1	
Merlin Mediation	1	1	0	Withdrawn (1)
Mandatory Work Activity	7	6	1	ICE report (5), Awaiting investigation (1)
Personal Independence Assessments	5	2	3	ICE report (1), Awaiting investigation (1)
Work Choice	2	2	2	ICE report (2)
Work Programme	140	60	80	ICE report (49), Settlement (3), Resolution (1), Awaiting investigation (6), Withdrawn (1)
Unknown	4	0	4	

1 April 2015 to 31 August 2015

Programme	Received	Accepted	Not accepted (Gateway fail)	Stage of case
Atos	19	8	4	ICE report (1), Awaiting

A6 Work Preparation Programme Caseloads

DWP Central Freedom of Information Team

e-mail: freedom-of-information-request@dwp.gsi.gov.uk

Ref: VTR 3214

26 August 2015

Dear Dan Heap,

Thank you for your Freedom of Information (FoI) request received on 31st July 2015. You asked:

> *Please send me the caseload (i.e. total number of participants) of Work Preparation and WorkSTEP for the whole lifetime of the programmes, for at least each year (quarterly or monthly would be even better).*
>
> *This is very easy to do - all you do is do a running cumulative total of referrals and subtract each month's leavers/completers. Referral data for WorkSTEP was kindly provided in a previous FOI request (see attached), but did not contain leaver/complete data also.*
>
> *If possible, please also provide breakdowns by group (See previous FOI for the WorkSTEP categories. Not sure about Work Prep).*

It is not possible to estimate Work Preparation and WORKSTEP caseloads using the requested approach because participation end dates were not recorded. The Department does hold records of the number of individuals who received support from Work Preparation and WORKSTEP in each financial year and from April 2001 onwards. This information is provided in the tables overleaf and is broken down according to the out-of-work benefits that were claimed by participants when they started the programmes.

It should be noted that the number of participants who received support from Work Preparation and WORKSTEP is lower than the number of participants who are recorded as having started these programmes (information relating to WORKSTEP programme start records was provided in response to your previous request, ref: FOI 2338). This is because participants could leave the programmes in question before receiving support for various reasons, e.g. because they no longer wished to participate or were no longer eligible for support.

Number of individuals who received support from Work Preparation during the specified period by out-of-work benefits claimed at programme start

Out-of-work benefit combination	Since April 2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
No out-of-work benefit claimed	17,450	1,100	1,820	2,440	3,540	2,700	2,430	2,460	2,540	2,290
ESA only	310	0	0	0	0	0	0	0	30	320
IB/SDA only	8,530	460	820	1,280	2,010	1,680	1,330	1,200	910	520
IB/SDA and IS	6,800	360	700	1,010	1,590	1,260	1,020	1,060	770	450
IS only	1,400	150	310	330	270	110	100	100	170	70
JSA only	22,660	2,060	2,690	3,060	4,080	2,980	2,630	2,780	3,370	3,550
All	**57,150**	**4,130**	**6,340**	**8,120**	**11,490**	**8,730**	**7,500**	**7,600**	**7,790**	**7,200**

Number of individuals who received support from WORKSTEP during the specified period by out-of-work benefits claimed at programme start

Out-of-work benefit combination	Since April 2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010
No out-of-work benefit claimed	27,430	13,060	12,970	13,330	13,870	13,900	13,480	13,120	12,940	12,750
ESA only	240	0	0	0	0	0	0	0	20	250
IB/SDA only	2,220	150	280	480	700	880	920	1,010	1,050	930
IB/SDA and IS	6,100	320	800	1,300	1,890	2,260	2,500	2,750	2,950	2,880
IS only	470	80	130	160	170	180	190	190	200	190
JSA only	310	0	10	10	20	60	130	160	170	170
All	**36,760**	**13,610**	**14,190**	**15,290**	**16,640**	**17,280**	**17,210**	**17,230**	**17,320**	**17,170**

Source: DWP Work Preparation and WORKSTEP evaluation databases.

Notes:

1. Figures are rounded to the nearest 10.
2. Totals may not sum due to rounding.

A7 Parliamentary and Health Ombudsman complaints

Complaints Received

Organisation	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
ATS Community Employment	0	0	0	0	0	2	**2**
Capita Business Services Ltd	0	0	0	0	0	2	**2**
Child Maintenance and Enforcement Commission	805	625	638	0	0	0	**2,068**
Child Support Agency	0	0	0	632	542	434	**1,608**
Debt Management Unit	30	22	30	28	28	14	**152**
Department for Work and Pensions	81	76	44	81	177	285	**744**
Health and Safety Executive	27	24	44	42	37	24	**198**
Independent Case Examiner	230	208	194	243	253	303	**1,431**
Independent Living Fund	4	0	4	2	1	1	**12**
Independent Review Service for the Social Fund	9	25	22	22	3	0	**81**
Jobcentre Plus	1,274	1,036	1,083	1,313	1,094	801	**6,601**
Medical Services ATOS Healthcare	34	17	10	5	34	17	**117**
Pension Protection Fund	1	2	1	3	1	12	**20**
Pensions Ombudsman	26	13	12	17	11	18	**97**
Remploy Ltd	0	0	2	2	1	0	**5**
The Pension, Disability and Carers Service	475	411	357	345	291	245	**2,124**
The Pensions Regulator	4	3	1	3	0	4	**15**
Total	**3,000**	**2,462**	**2,442**	**2,738**	**2,473**	**2,162**	**15,277**

Complaints Accepted for investigation

Organisation	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	Total
Child Maintenance and Enforcement Commission	9	13	4	0	0	0	**26**
Child Support Agency	0	0	0	0	7	12	**19**
Debt Management Unit	0	0	0	0	1	0	**1**
Department for Work and Pensions	0	0	0	0	0	11	**11**
Health and Safety Executive	0	0	0	1	5	5	**11**
Independent Case Examiner	12	12	9	5	133	144	**315**
Independent Living Fund	0	0	1	0	0	0	**1**
Independent Review Service for the Social Fund	0	0	0	0	1	0	**1**
Jobcentre Plus	6	5	5	5	12	55	**88**
The Pension, Disability and Carers Service	3	1	1	2	2	8	**17**
The Pensions Regulator	0	0	0	0	0	1	**1**
Total	**30**	**31**	**20**	**13**	**161**	**236**	**491**

Appendix B Danish Information Requests

B.1 Resource Scheme effectiveness projections

The relevant figures here are in the second half of the slide. The forecasts are that RS will succeed in diverting 30% from DP, but most of the movement will be to Social Assistance (the 25% figure) rather than into employment or a Flexjob (the 5% figure)

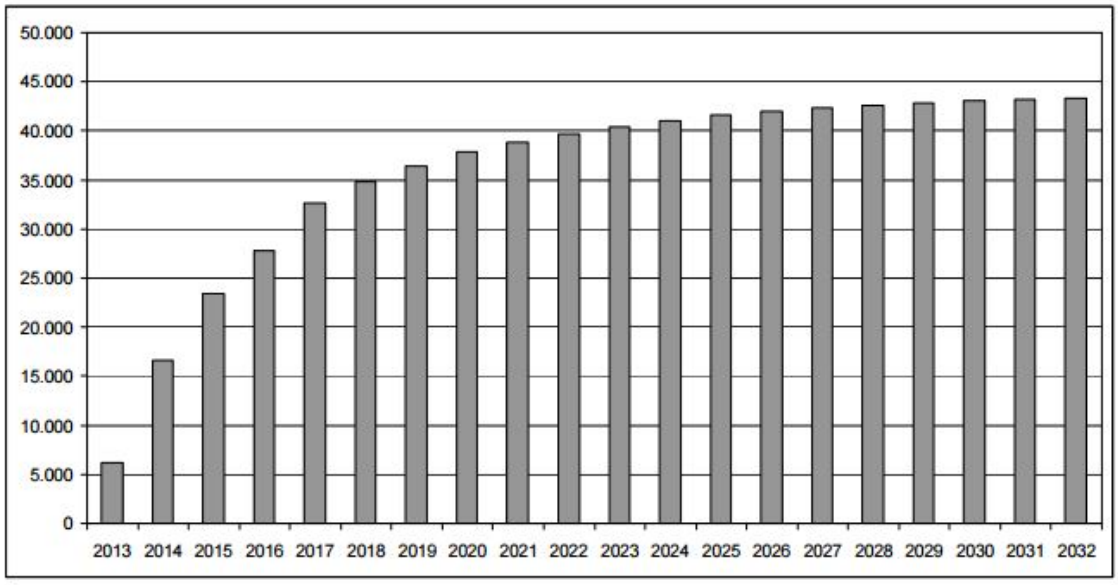
B.2 Resource Scheme expenditure and caseload projections

First slide: The relevant figure here is the projected activation expenditure under *Ressourceforlob, indsats.* The second slide shows projected caseloads. The first divided by the second gives the per head spending figures quoted.

Opdelt økonomi

Mio. kr. 2013 pl.	2013	2014	2015	2016	2020	2032
Ressourceforløbsydelse	915	2.485	3.513	4.162	5.664	6.505
Ressourceforløb, indsats						
- tilbud	162	437	614	728	990	1.134
- mentor	21	60	88	107	152	177
- samtaler	11	30	42	50	68	78
- befordring	1	3	4	5	7	8
- hjælpemidler	2	4	5	6	7	8
Kontanthjælp, ydelse	-163	-438	-616	-717	-532	740
Kontanthjælp, tilbud mv.						
- tilbud	-9	-25	-36	-42	-36	21
- samtaler	-1	-3	-5	-6	-5	3
- befordring	0	0	0	0	0	0
- hjælpemidler	0	0	0	0	0	0
Førtidspension	-908	-2.465	-3.509	-4.242	-6.749	-10.620
- ATP	-11	-29	-42	-50	-79	-126
Fleksjobtilskud	0	7	26	56	275	947
Fleksjob hjælpemidler	0	0	0	0	0	1
- ATP	0	0	0	0	2	7
I alt	**21**	**64**	**86**	**57**	**-237**	**-1.117**

Forventet udvikling i antal personer på ressourceforløb



Appendix C Ethics assessment

University of Edinburgh,

School of Social and Political Studies

RESEARCH AND RESEARCH ETHICS COMMITTEE

Self-Audit Checklist for Level 1 Ethical Review

*The audit is to be conducted by the **Principal Investigator**, except in the following cases:*

- ***Postdoctoral research fellowships** – the applicant in collaboration with the proposed mentor.*
- ***Postgraduate research** (PhD and Masters by Research) – the student together with the supervisor. Note: All research postgraduates should conduct ethical self-audit of their proposed research as part of the proposal process. The audit should be integrated with the student's Review Board.*
- ***Taught Masters dissertation** work and **Undergraduate dissertation/project** work – in many cases this would not require ethical audit, but if it does (for example, if it involves original fieldwork), the student conducts the audit together with the dissertation/project supervisor, who keeps it on file.*

Potential risks to participants and researchers

1 Is it likely that the research will induce any psychological stress or discomfort?
~~YES~~ NO ☐

2 Does the research require any physically invasive or potentially physically harmful procedures?
~~YES~~ NO☐

3 Does the research involve sensitive topics, such as participants' sexual behaviour or illegal activities, their abuse or exploitation, or their mental health? ~~YES~~ NO☐

4 Is it likely that this research will lead to the disclosure of information about child abuse or neglect, or other information that would require the researchers to breach confidentiality conditions agreed with participants? ~~YES~~ NO☐

5 Is it likely that participation in this research could adversely affect participants?
~~YES~~ NO☐

6 Is it likely that the research findings could be used in a way that would adversely affect participants or particular groups of people? ~~YES~~ NO☐

7 Will the true purpose of the research be concealed from the participants?
~~YES~~ NO☐

8 Is the research likely to involve any psychological or physical risks to the researcher, and/or research assistants, including those recruited locally? ~~YES~~ NO☐

Participants

9 Are any of the participants likely to:
be under 18 years of age? ~~YES~~ NO☐
be physically or mentally ill? ~~YES~~ NO ☐
have a disability? ~~YES~~ NO ☐
be members of a vulnerable or stigmatized minority? ~~YES~~ NO ☐
be in a dependent relationship with the researchers? ~~YES~~ NO☐
have difficulty in reading and/or comprehending any printed material distributed as part of the research process? ~~YES~~ NO☐
be vulnerable in other ways? ~~YES~~ NO☐

10 Will it be difficult to ascertain whether participants are vulnerable in any of the ways listed above (e.g. where participants are recruited via the internet)? ~~YES~~ NO☐

11 Will participants receive any financial or other material benefits because of participation, beyond standard practice for research in your field?
~~YES~~ NO☐

Before completing the next sections, please refer to the University Data Protection Policy to ensure that the relevant conditions relating to the processing of personal data under Schedule 2 and 3 are satisfied. Details are Available at:
www.recordsmanagement.ed.ac.uk

12 Will the research require the collection of personal information about individuals (including via other organisations such as schools or employers) without their direct consent?

~~YES~~ NO

13 Will individual responses be attributed or will participants be identifiable, without the direct consent of participants? ~~YES~~ NO

14 Will datafiles/audio/video tapes, etc. be retained after the completion of the study (or beyond a reasonable time period for publication of the results of the study)? ~~YES~~ NO

15 Will the data be made available for secondary use, without obtaining the consent of participants? ~~YES~~ NO

Informed consent

16 Will it be difficult to obtain direct consent from participants? ~~YES~~ NO

Conflict of interest

The University has a 'Policy on the Conflict of Interest', which states that a conflict of interest would arise in cases where an employee of the University might be "compromising research objectivity or independence in return for financial or non-financial benefit for him/herself or for a relative or friend." See:
http://www.docs.csg.ed.ac.uk/HumanResources/Policy/Conflict_of_Interest.pdf

Conflict of interest may also include cases where the source of funding raises ethical issues, either because of concerns about the moral standing or activities of the funder, or concerns about the funder's motivation for commissioning the research and the uses to which the research might be put.

The University policy also states that the responsibility for avoiding a conflict of interest, in the first instance, lies with the individual, but that potential conflicts of interest should always be disclosed, normally to the line manager or Head of Department. Failure to disclose a conflict of interest or to cease involvement until the conflict has been resolved may result in disciplinary action and in serious cases could result in dismissal.

17 Does your research involve a conflict of interest as outlined above? ~~YES~~ NO

Overall assessment

If all the answers are NO, the self audit has been conducted and confirms the ABSENCE OF REASONABLY FORESEEABLE ETHICAL RISKS. The following text should be emailed to the relevant person, as set out below:

"I confirm that I have carried out the School Ethics self-audit in relation to [my / name of researcher] proposed research project [name of project and funding body] and that no reasonably foreseeable ethical risks have been identified."

- Research grants– the Principal Investigator should send this email to the SSPS Research Office (ssps.research@ed.ac.uk) where it will be kept on file with the application.
- Postdoctoral research fellowships – the Mentor should email the SSPS Research Office (ssps.research@ed.ac.uk) where it will be kept on file with the application.
- Postgraduate research (PhD and Masters by Research) – there is no need to send the Level 1 email. The ethical statement should be included in the student's Review Board report.
- Taught Masters dissertation work and Undergraduate dissertation/project work – there is no need to send the level 1 email. The dissertation supervisor should retain the ethical statement with the student's dissertation/project papers.

If one or more answers are YES, risks have been identified and level 2 audit is required. See the School Research Ethics Policy and Procedures webpage http://www.sps.ed.ac.uk/admin/info_research/ethics for full details.